

### § 521.113

Federal income tax provided such compensation does not exceed \$3,000 in the aggregate.

(b) Where such individual is temporarily present in the United States for a period or periods not exceeding a total of 180 days during the taxable year, compensation for labor or personal services within the United States during such year is exempt from Federal income tax provided such compensation is received for services performed as a worker or employee of, or under contract with, a resident or corporation of Denmark (even though such resident or corporation is engaged in trade or business in the United States) which resident or corporation actually bears the expense of such compensation and is not reimbursed therefor by another person.

As to the source of compensation for labor or personal services, see section 119(a)(3) of the Internal Revenue Code.

### § 521.113 Students and apprentices; remittances.

Under Article XIII of the convention, citizens of Denmark who are temporarily present in the United States as students or apprentices exclusively for the purposes of study or for acquiring business experience, are exempt for taxable years beginning on or after January 1, 1948, from Federal income tax upon amounts representing remittances from sources outside the United States for the purposes of their maintenance or studies.

### § 521.114 Visiting professors or teachers.

Under Article XIV of the convention, an alien who is a resident of Denmark but who is temporarily present within the United States for the purpose of teaching, lecturing, or instructing at any university, college, school, or other educational institution, situated within the United States, is, for a period not exceeding two years from the date of his arrival in the United States, exempt for taxable years beginning on or after January 1, 1948, from Federal income tax on remuneration received for such services. It shall be deemed that such alien coming to the United States for the purposes indicated has, for a period of not more than two years

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immediately succeeding the date of his arrival within the United States for such purposes, the tax status of a non-resident alien in the absence of proof of his intention to remain indefinitely in the United States.

### § 521.115 Credit against United States tax liability for Danish tax.

For the purpose of avoidance of double taxation, Article XV provides that, on the part of the United States, there shall be allowed against the United States income tax a credit for the amount of Danish taxes described in Article I of the convention imposed on income derived from sources within Denmark for taxable years beginning on and after January 1, 1948. Such credit, however, is subject to the limitations provided in section 131 of the Internal Revenue Code (relating to the credit for foreign taxes). See §§ 29.131-1 to 29.131-10 of Regulations 111 (26 CFR 1949 ed. Supps. 29.131-1 to 29.131-10) [and §§ 39.131(a) 1 to 39.131(j)-1 of Regulations 118 (26 CFR, Rev. 1953, Parts 1-79, and Supps.)].

### § 521.116 Reciprocal administrative assistance.

(a) *General.* (1) By Article XVII of the convention, the United States and Denmark adopt the principle of exchange of such information as is necessary for carrying out the provisions of the convention or for the prevention of fraud or for the detection of practices which are aimed at reduction of the revenues of either country, but not including information which would disclose a trade, business, industrial or professional secret or trade process.

(2) The information and correspondence relative to exchange of information may be transmitted directly by the Commissioner of Internal Revenue to the Chief of the Taxation Department of the Ministry of Finance (Generaldirektøren for Skattevaesenet) of Denmark.

(b) *Information to be furnished in due course.* (1) Pursuant to such principle, withholding agents shall, in the preparation of withholding returns, Form 1042, report on such returns, for the calendar year 1949 and each subsequent calendar year, in addition to the items of income upon which tax has been

withheld at the source, those items of income paid to a nonresident alien individual resident in Denmark, or to a Danish corporation, upon which tax has not been withheld at the source. Such return shall show the same information with respect to such items of income upon which tax has not been withheld at the source as is shown with respect to items of income upon which the tax has been withheld at the source.

(2) In accordance with the provisions of Article XVII of the convention, the Commissioner of Internal Revenue will transmit to the Chief of the Taxation Department of the Ministry of Finance of Denmark, as soon as practicable after the close of the calendar year 1949, and of each calendar year thereafter during which the convention is in effect, the following information relating to such calendar year: The names and addresses of all persons whose addresses are in Denmark as disclosed on such withholding return, Form 1042, deriving from sources within the United States dividends interest (other than coupon bond interest), rents, royalties, salaries, wages, pensions, annuities and other fixed or determinable annual or periodical profits or income, and the amount of such income with respect to such persons as disclosed on such return, together with ownership certificate, Form 1001-D, filed in connection with coupon bond interest. Such transmission shall constitute compliance with Article XVII of the convention and of §§521.101 to 521.117.

(c) *Information in specific cases.* Under the provisions and limitations of Article XVII of the convention, and subject to the provisions of Article XIX and Article XXII of the convention, and upon the request of the Chief of the Taxation Department of the Ministry of Finance of Denmark, the Commissioner of Internal Revenue shall furnish to the Chief of the Taxation Department information available to or obtainable by the Commissioner of In-

ternal Revenue relative to the tax liability of any person under the revenue laws of Denmark in any case in which such information is necessary to the administration of the provisions of the convention or for the prevention of fraud or the administration of statutory provisions against tax avoidance.

**§521.117 Claims in cases of double taxation.**

Under Article XX of the convention, where the action of the revenue authorities of the contracting States has resulted in double taxation in respect of any of the taxes to which the convention relates, the taxpayer is entitled to lodge a claim with the country of which he is a citizen or, if he is not a citizen of either country, with the country of which he is a resident, or if the taxpayer is a corporation or other entity, with the country in which it is created or organized. Article XX further provides that should the claim be upheld, the competent authority of the country with which the claim is lodged may come to an agreement with the competent authority of the other country with a view to equitable avoidance of the double taxation. Such a claim on behalf of a United States citizen or corporation or other entity, or on behalf of a resident of the United States who is not a Danish citizen, shall be filed with the Commissioner of Internal Revenue, Washington, D.C. The claim should be set up in the form of a letter and should show fully all facts on the basis of which the claimant alleges that such double taxation has resulted. If the Commissioner of Internal Revenue determines that there is an appropriate basis for the claim under the convention, he will take the matter up with the Chief of the Taxation Department of the Ministry of Finance of Denmark with a view to arranging an agreement of the character contemplated by Article XX.

**PARTS 522-599 [RESERVED]**