

§ 521.4 Patent and copyright royalties and film rentals.

(a) Royalties and other like amounts received on or after January 1, 1948, by (1) a nonresident alien (including a nonresident alien individual, fiduciary, and partnership) who is a resident of Denmark or (2) a Danish corporation, as consideration for the right to use copyrights, patents, designs, secret processes and formulae, trademarks, and other like property, including rentals and like payments in respect of motion picture films, are exempt from United States tax under the provisions of Article VIII of the convention if such alien or corporation had at no time during the taxable year in which such royalty or other amount was so received a permanent establishment in the United States. Such items are, therefore, not subject to the withholding provisions of the Internal Revenue Code. As to what constitutes a permanent establishment, see Article II(1)(c) of the convention.

(b) To obviate withholding at the source, the nonresident alien who is a resident of Denmark, or the Danish corporation shall file Form 1001A-D, in duplicate, with the withholding agent in the United States. Such form shall be signed by the owner of the income, trustee or agent and shall contain the statements provided on such form with respect to interest as set forth in § 521.3, the provisions of which with respect to the effective period of such form are equally applicable with respect to the income falling within the scope of this section. The duplicate copy of Form 1001A-D should be immediately forwarded by the withholding agent to the Commissioner of Internal Revenue, Records Division, Washington 25, D.C.

§ 521.5 Private pensions and life annuities.

(a) Under Article X(2) of the convention private pensions and life annuities derived on or after January 1, 1948, from sources within the United States by a nonresident alien individual who is a resident of Denmark are exempt from United States tax.

(b) The person paying such income should be notified by letter from the resident of Denmark that the income is

exempt from taxation under the provisions of Article X(2) of the convention. Such letter shall contain the address of the individual and a statement that such individual is a resident of Denmark. The letter of notification, or a copy thereof, should be immediately forwarded by the recipient to the Commissioner of Internal Revenue, Records Division, Washington 25, D.C. Such letter shall constitute authorization to the payor of the income to pay such income without deduction of the tax at the source unless the Commissioner subsequently notifies such payor that the tax should be withheld with respect to payments made after such notification.

§ 521.6 Release of excess tax withheld at source.

(a) *General.* (1) In order to bring the convention into force and effect at the earliest practicable date:

(i) The reduced rate of tax of 15 percent to be withheld at the source on dividends, and

(ii) Exemption from tax otherwise withheld at the source on interest, patent royalties, copyright royalties, film rentals and the like,

are hereby made effective beginning January 1, 1948 in any case in which such dividends, interest, patent royalties, copyright royalties, film rentals and the like are derived from sources within the United States by a nonresident alien including a nonresident alien individual, fiduciary and partnership who is a resident of Denmark, or a Danish corporation.

(2) Accordingly, in the case of dividends paid to a nonresident alien (including a nonresident alien individual, fiduciary, and partnership) whose address at the time of payment was in Denmark, or to a Danish corporation whose address at the time of payment was in Denmark, where tax at the rate of 30 percent has been withheld on or after January 1, 1948, from dividends, there shall be released by the withholding agent and paid over to the person from whom it was withheld an amount equal to 15 percent of such dividends.

(3) In the case of every such taxpayer who furnishes to the withholding agent Form 1001-D, as prescribed in § 521.3 or