



Treaty Series No. 26 (1936)

## Exchange of Notes

between His Majesty's Government in the United Kingdom  
and the Netherlands Government

for the

# Reciprocal Exemption from Taxation of Air Transport Profits

London, August 27, 1936

*Presented by the Secretary of State for Foreign Affairs  
to Parliament by Command of His Majesty*

LONDON

PRINTED AND PUBLISHED BY HIS MAJESTY'S STATIONERY OFFICE

To be purchased directly from H.M. STATIONERY OFFICE at the following addresses:

Adastral House, Kingsway, London, W.C.2; 120 George Street, Edinburgh 2;

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1936

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Cmd. 5279

EXCHANGE OF NOTES BETWEEN HIS MAJESTY'S GOVERNMENT IN THE UNITED KINGDOM AND THE NETHERLANDS GOVERNMENT FOR THE RECIPROCAL EXEMPTION FROM TAXATION OF AIR TRANSPORT PROFITS.

London, August 27, 1936.

No. 1.

*Mr. Anthony Eden to Jonkheer R. de Marees van Swinderen.*

Sir,

*Foreign Office, August 27, 1936.*

I HAVE the honour to inform you that His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland are willing to conclude with the Netherlands Government an agreement in the following terms for reciprocal exemptions from certain taxation in respect of the business of air transport:—

(1) His Majesty's Government in the United Kingdom undertake that any profits or gains arising from the business of air transport carried on by a person resident in the Netherlands and not resident in the United Kingdom shall, so long as the exemptions specified in sub-paragraph (2) hereof remain effective, be exempted from Income Tax (including Sur-tax) chargeable in the United Kingdom for the year of assessment commencing on the sixth day of April, 1935, and for every subsequent year of assessment, and that they will take the necessary steps under Section 18 of the Act of Parliament known as the Finance Act, 1923, as extended by Section 9 of the Act of Parliament of the United Kingdom known as the Finance Act, 1931, to profits or gains arising from the business of air transport, with a view to giving the force of law to the exemptions aforesaid.

(2) The Netherlands Government declare that, under the laws of the Netherlands relating to Income Tax and Municipal Fund Tax (Inkomstenbelasting en Gemeentefondsbelasting), tax is not chargeable on any profits or gains arising from the business of air transport carried on by a person resident in the United Kingdom and not resident in the Netherlands, and that under the laws of the Netherlands relating to Dividend and Tantième Tax (Dividend- en Tantiëmebelasting) tax is not chargeable on dividends or other sums on account of profits distributed by a body corporate carrying on the business of air transport and resident in the United Kingdom, and undertake that, so long as the exemptions specified in sub-paragraph (1) hereof remain effective, such profits or gains and dividends and other sums as aforesaid shall continue to be so exempt.

The Netherlands Government further undertake that, as from the sixth day of April, 1935, and thereafter, so long as the exemptions

specified in sub-paragraph (1) hereof remain effective, any property which is owned or possessed and employed in the Netherlands by a person resident in the United Kingdom and not resident in the Netherlands for the purpose of making profits or gains arising from the business of air transport shall, in so far as it is employed for that purpose, be exempted from Property Tax and Defence Tax 1 (Vergomensbelasting en Verdedigingsbelasting 1) and that they will take the necessary action under the law of the 14th June, 1930 (Collection of Acts No. 244, 1930), with a view to giving the force of law to the exemptions aforesaid.

(3) The exemptions granted under the foregoing sub-paragraphs shall not extend to Income Tax chargeable in the United Kingdom under Schedule A or to Property Tax or Defence Tax 1 (Vermogensbelasting or Verdedigingsbelasting 1) chargeable in the Netherlands in respect of immovable property in the Netherlands.

(4) The expression "business of air transport" means the business carried on by an owner of aircraft, and for the purposes of this definition the expression "owner" includes any charterer.

For the purposes of this agreement the word "person" includes any body of persons, corporate or not corporate, and a body corporate shall be regarded as resident in the United Kingdom if its business is managed and controlled in the United Kingdom and shall be regarded as resident in the Netherlands if its business is managed and controlled in the Netherlands.

(5) The present agreement may be terminated by either Contracting Government at any time by a notice in writing given through the diplomatic channel, and shall cease to operate six months after the date on which the notice of denunciation is received.

2. If the Netherlands Government agree to the foregoing provisions, I have the honour to suggest that the present note and your reply in similar terms be regarded as constituting a formal agreement between the two Governments which shall take effect from the date of the two notes.

I have, &c.

ANTHONY EDEN.

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No. 2.

*Jonkheer R. de Marees van Swinderen to Mr. Anthony Edén.*

*Netherlands Legation,*

*London, August 27, 1936.*

Sir,

I HAVE the honour to acknowledge the receipt of the note which you have been good enough to address to me to-day and in which you inform me that His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland are willing to conclude with the Netherlands Government an agreement in the following terms for

reciprocal exemptions from certain taxation in respect of the business of air transport :—

(1) His Majesty's Government in the United Kingdom undertake that any profits or gains arising from the business of air transport carried on by a person resident in the Netherlands and not resident in the United Kingdom shall, so long as the exemptions specified in sub-paragraph (2) hereof remain effective, be exempted from Income Tax (including Sur-tax) chargeable in the United Kingdom for the year of assessment commencing on the sixth day of April, 1935, and for every subsequent year of assessment, and that they will take the necessary steps under Section 18 of the Act of Parliament known as the Finance Act, 1923, as extended by Section 9 of the Act of Parliament of the United Kingdom known as the Finance Act, 1931, to profits or gains arising from the business of air transport, with a view to giving the force of law to the exemptions aforesaid.

(2) The Netherlands Government declare that, under the laws of the Netherlands relating to Income Tax and Municipal Fund Tax (Inkomstenbelasting en Gemeentefondsbelasting), tax is not chargeable on any profits or gains arising from the business of air transport carried on by a person resident in the United Kingdom and not resident in the Netherlands, and that under the laws of the Netherlands relating to Dividend and Tantième Tax (Dividend- en Tantiëmebelasting) tax is not chargeable on dividends or other sums on account of profits distributed by a body corporate carrying on the business of air transport and resident in the United Kingdom, and undertake that, so long as the exemptions specified in sub-paragraph (1) hereof remain effective, such profits or gains and dividends and other sums as aforesaid shall continue to be so exempt.

The Netherlands Government further undertake that, as from the sixth day of April, 1935, and thereafter, so long as the exemptions specified in sub-paragraph (1) hereof remain effective, any property which is owned or possessed and employed in the Netherlands by a person resident in the United Kingdom and not resident in the Netherlands for the purpose of making profits or gains arising from the business of air transport shall, in so far as it is employed for that purpose, be exempted from Property Tax and Defence Tax 1 (Vermogensbelasting en Verdedigingsbelasting 1) and that they will take the necessary action under the law of the 14th June, 1930 (Collection of Acts No. 244, 1930), with a view to giving the force of law to the exemptions aforesaid.

(3) The exemptions granted under the foregoing sub-paragraphs shall not extend to Income Tax chargeable in the United Kingdom under Schedule A or to Property Tax or Defence Tax 1 (Vermogensbelasting or Verdedigingsbelasting 1) chargeable in the Netherlands in respect of immovable property in the Netherlands.

(4) The expression "business of air transport" means the business carried on by an owner of aircraft, and for the purposes of this definition the expression "owner" includes any charterer.

For the purposes of this agreement the word "person" includes any body of persons, corporate or not corporate, and a body corporate shall be regarded as resident in the United Kingdom if its business is managed and controlled in the United Kingdom and shall be regarded as resident in the Netherlands if its business is managed and controlled in the Netherlands.

(5) The present agreement may be terminated by either Contracting Government at any time by a notice in writing given through the diplomatic channel, and shall cease to operate six months after the date on which the notice of denunciation is received.

2. I am authorised to state that the Netherlands Government agree to the foregoing provisions and to the suggestion that your note and this reply be regarded as constituting a formal agreement between the two Governments, which shall take effect from the date of the two notes.

I have, &c.

R. DE MAREES VAN SWINDEREN.

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