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convention. See § 29.143–4 of Regulations 111 (26 CFR 1949 ed. Supps. 29.143–4) [and § 39.143–4 of Regulations 118 (26 CFR, Rev. 1953, Parts 1–79, and Supps.)].

(5) To avoid withholding at the source in the case of interest other than interest payable by means of coupons, 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 show the name and address of the obligor and the name and address of the owner of such interest. Such form shall contain a statement that the owner is a resident of Denmark or is a Danish corporation and that the owner has no permanent establishment in the United States.

(6) Form 1001A–D must be filed for each three calendar year period and the first such form filed by the taxpayer with any withholding agent should be filed not later than 20 days preceding the date of the first payment of income in such period. If the taxpayer files such form with the withholding agent in the calendar year 1948 or in any subsequent calendar year no additional Form 1001A–D need be filed prior to the end of the two calendar years immediately following the calendar year in which such form is so filed unless the Commissioner notifies the withholding agent that an additional Form 1001A–D must be filed by the taxpayer at any earlier date. The duplicate of Form 1001A–D should be immediately forwarded by the withholding agent to the Commissioner of Internal Revenue, Records Division, Washington 25, D.C.

§ 521.4 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 521.4, where tax at the rate of 30 percent has been withheld on or after January 1, 1948, there shall be released by the withholding agent and paid over to the person from whom withheld an amount equal to the amount so withheld in the case of interest (as to coupon bond interest, see paragraph (4) of this paragraph), patent royalties, copyright royalties, film rentals and the like.

(4) In the case of every such taxpayer who furnishes to the withholding agent Form 1001–D, in duplicate, where tax at the rate of 28 percent or 30 percent, as the case may be, has been withheld on or after January 1, 1948, from coupon bond interest, there shall be released by the withholding agent and paid over to the person from whom it was withheld an amount equal to the tax withheld from such interest. Form 1001–D used for this purpose should be clearly marked ''Substitute'' in order to replace Forms 1001 previously filed. One Form 1001–D, in duplicate, may be used to replace two or more Forms 1001. The form marked ''Substitute'' is to be used solely for the release of excess tax withheld in 1948. The use of Form 1001–D for the purpose of exemption upon presentation of interest coupons is set forth in §521.3 (b).

(b) *Private pensions and life annuities paid in 1948 or subsequent years.* (1) In order to bring the convention into force and effect at the earliest practicable date, the exemption from tax otherwise withheld at the source on private pensions and life annuities is made effective beginning January 1, 1948, in any case in which such pensions and life annuities are derived from sources within the United States by a nonresident alien individual who is a resident of Denmark.

(2) 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. See §521.5. Such letter will constitute authorization to the payor of the income to release the tax withheld on or after January 1, 1948, with respect to such pensions or life annuities.

(c) *Subsidiary's dividends.* With respect to a dividend paid on or after January 1, 1948, by a domestic corporation to a Danish corporation whose address is in Denmark, tax shall be withheld in accordance with the provisions of §521.2 unless prior to the date of payment of such dividend the Commissioner of Internal revenue has notified the paying corporation that such dividend falls within the scope of Article VI (3) of the convention. As soon as practicable after information required under §521.2 (b) is filed, the Commissioner of Internal Revenue will determine whether the dividend involved