

CONVENTION WITH DENMARK RELATING TO DOUBLE TAXATION

Signed at Washington May 6, 1948

*Ratification Advised by the Senate of the United States of America June 17, 1948, with
Reservation¹*

Ratified by the President of the United States of America November 24, 1948

Ratified by Denmark November 23, 1948

Ratifications Exchanged at Washington December 1, 1948

Proclaimed by the President of the United States of America December 8, 1948

¹ The U.S. reservation reads as follows:

“ The Government of the United States of America does not
except Article XII of the convention relating to gains from the
sale or exchange of capital assets”

GENERAL EFFECTIVE DATE UNDER ARTICLE XXIII: 1 JANUARY 1948

TABLE OF ARTICLES

Article I-----	(Taxes Covered)
Article II-----	(General Definitions)
Article III-----	(Permanent Establishment)
Article IV-----	(Associated Enterprises)
Article V-----	(Shipping and Air Transport)
Article VI-----	(Dividends)
Article VII-----	(Interest)
Article VIII-----	(Royalties)
Article IX-----	(Income from Real Property)
Article X-----	(Government Employees: Pensions and Annuities)
Article XI-----	(Personal Services)
Article XII-----	(Capital Gains)
Article XIII-----	(Students and Apprentices)
Article XIV-----	(Professors or Teachers)
Article XV-----	(Avoidance of Double Taxation)
Article XVI-----	(Non-Discrimination)
Article XVII-----	(Exchange of Information)
Article XVIII-----	(Mutual Assistance)
Article XIX-----	(Limitation on Effect of Treaty)
Article XX-----	(Taxpayer Claims)
Article XXI-----	(Miscellaneous)
Article XXII-----	(Regulations)
Article XXIII-----	(Entry into Force and Termination)
Letter of Submittal-----	of 18 May, 1948

Letter of Transmittal-----of 19 May, 1948
The "Saving Clause"-----Paragraph (a) of Article XV

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

THE CONVENTION BETWEEN THE UNITED STATES OF AMERICA AND DENMARK,
SIGNED AT WASHINGTON ON MAY 6, 1948, FOR THE AVOIDANCE OF DOUBLE
TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES
ON INCOME

LETTER OF SUBMITTAL

DEPARTMENT OF STATE,
Washington, D.C., May 18, 1948.

The PRESIDENT,
The White House:

The undersigned, the Secretary of State, has the honor to lay before the President, with a view to its transmission to the Senate to receive the advice and consent of that body to ratification, if his judgment approve thereof, a convention between the United States of America, and the Kingdom of Denmark for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed at Washington on May 6, 1948.

The convention was formulated as a result of technical discussions early in 1947 between representatives of this Government and representatives of the Danish Government and subsequent communications between the appropriate authorities of the two Governments. The Department of State and the Treasury Department collaborated in the negotiation of the convention.

As in the cases of conventions of this kind negotiated recently with certain other countries and now under consideration in the Senate, the principal purposes and effects of the convention with Denmark are the same as those of income-tax conventions now in force between the United States and the United Kingdom, Canada, France, and Sweden, namely, the elimination as far as practicable of double taxation on income and the establishment of procedures for administrative cooperation between the competent tax authorities of the two Governments. Experience in connection with the operation of the existing

conventions with the United Kingdom, Canada, and Sweden played a particularly important part in the framing of the convention with Denmark.

Among the important features of the convention are the following.

(1) Adoption of principles affecting the determination of amount, and affecting the taxation, of business income derived by enterprises of one country from sources within the other country

(2) Reciprocal exemption from taxation, upon certain conditions, of specified items of income derived from sources within one country by residents or corporations of the other country, including certain cases of interest and royalties.

(3) Reduction, upon certain conditions, in the United States rate of tax at the source from 30 to 15 percent in the case of dividends paid from the United States to residents or corporations of Denmark, with a reduction of the rate to 5 percent, upon certain conditions, in the case of dividends paid by a subsidiary to a Danish parent corporation owning 95 percent of its voting stock. On a reciprocal basis, any eventual Danish tax on dividends shall not exceed such rates under similar circumstances.

(4) Reservation by each of the two countries of the liberty of taxing its own citizens, residents, and corporations irrespective of the provisions of the convention, subject to the application of credit allowances.

(5) Reciprocal credit provisions, whereby the principles of the United States tax system with respect to credits for foreign taxes paid is retained, with comparable principles being applied by Denmark in regard to certain types of income.

(6) Exemptions, similar to those accorded in existing income-tax conventions of the United States, with respect to remuneration or payments received by teachers and students and with respect to government wages, salaries, and pensions, private pensions and life annuities, and compensation for labor or personal services.

(7) Extension of the principle, expressed in many treaties of the United States and following closely the formula in the income-tax convention with the United Kingdom, respecting national treatment of resident aliens in tax matters, with a view to equality of taxation.

(8) Safeguarding the right of taxpayers to appeal when they can show that double taxation has resulted in respect of any of the taxes to which the convention relates and also providing against any construction of the convention that would restrict in any manner any exemption, deduction, credit, or other allowance accorded by the laws of the respective countries.

(9) Establishment of a system of administrative cooperation between the competent authorities of the two countries, providing for the reciprocal exchange of information, subject to certain limitations similar to those provided for in certain other tax conventions of the United States, and for assistance in collection in certain cases, subject to the proviso that the assistance shall not be accorded with respect to citizens, corporations, or other entities of the country to which application for assistance is made, except to the extent necessary to insure that the exemption or reduced rate of tax granted by the convention shall not be enjoyed by persons not entitled to such benefits.

Article I indicates the taxes which are the subject of the convention, namely, *(a)* the Federal income tax in the United States, including surtaxes, and *(b)* various Danish taxes which, taken together, correspond closely to the Federal income tax. The convention does not apply to taxes imposed by the

several States of the United States, with the exception of Article XVI relating to the extension of the principle of national treatment, referred to in item (7) above.

Article II contains definitions of various terms found in the convention, with a provision that any term not defined shall, unless the context otherwise requires, have the meaning in each country which it has under the tax laws of that country.

Articles III and IV relate to business income in respect of an enterprise of one country having a permanent establishment in the other country, and prescribe conditions affecting the relationship between enterprises, particularly the intercorporate relationship.

Article V contains the provisions for exemption from taxation in one of the countries of income derived by an enterprise of the other country from the operation of ships or aircraft registered in such other country.

Article VI provides for the reduction of rates, as mentioned in item (2) above, in respect of dividends. Articles VII and VIII also deal with movable capital items. Article VII eliminates double taxation, by the exemption-at-source method, in the case of the interest on bonds, securities, notes, debentures, or other forms of indebtedness. Article VIII extends reciprocally the principle of exemption at source in the case of royalties and other amounts derived as consideration for the right to use copyrights, patents, designs, secret processes and formulas, trade-marks and other like property, including rentals and like payments in respect of motion-picture films.

Article IX provides that income from real property, excluding interest from mortgages and bonds secured by real property, shall be taxable only in the country in which the real property is situated. Likewise, royalties in respect of the operation of mines, quarries, or other natural resources shall be taxable only in the country in which the natural resources are situated.

Article X relates, in paragraph (1), to government wages, salaries, and pensions and, in paragraph (2), to private pensions and life annuities. The term "life annuities" is defined in paragraph (3).

Article XI relates to the reciprocal exemption from taxation, upon certain conditions, of compensation for labor or personal services performed by a resident of one of the countries while residing temporarily within the other country.

Article XII relates to tax on capital transactions and provides that a resident or corporation of one country not engaged in trade or business in the other country shall be exempt from tax in such other country on gains from the sale or exchange of capital assets. This provision is consistent with existing United States law. The exemption will not apply with respect to such gains in the case of a Danish resident who is temporarily in the United States for personal services, such gains having been derived during the taxable year in which the personal services were performed.

Article XIII, relating to exemptions of students or apprentices, and Article XIV, relating to exemptions of professors or teacher, correspond to provisions in the existing income-tax conventions of the United States with the United Kingdom, Canada, Sweden, and France.

Article XV, contains the reciprocal credit provisions under which double taxation may be avoided in cases where specific exemptions do not apply. It embodies also the reservation by each of the two countries with respect to the taxation of citizens, residents, or corporations thereof. Subject to the provisions of section 131 of the Internal Revenue Code, the United States will allow a deduction from its taxes of the amount of tax paid to Denmark with respect to income from sources within Denmark.

Article XVI contains the provisions, mentioned in item (7) above, for the extension of the principle of national treatment in regard to taxation.

Articles XVII to XXII, inclusive, contain administrative provisions. XVII provides for the exchange of information to facilitate carrying out the provisions of the convention, for the prevention of fraud, or for the administration of statutory provisions respecting avoidance of taxes covered by the convention. Information so exchanged shall not be disclosed to unauthorized persons. XVIII relates to reciprocal assistance in the collection of taxes, subject to certain limitations, including a reservation with respect to the tax liabilities of citizens, corporations, or other entities of the country to which the application for assistance is made. XIX contains the provision that either country may refuse to comply with a request for information or assistance for reasons of public policy or if compliance would violate a trade, business, industrial, or professional secret or trade process. XX relates to the right of taxpayers to appeal or to lodge claims. XXI safeguards taxpayers against any construction or application of the convention in such a way as to restrict any exemption, deduction, credit, or other allowance which the taxpayer may have under the existing tax laws, and also relates to the settlement of questions of application or interpretation by consultation between the competent authorities. XXII relates to the prescribing of rules or regulations by the competent authorities of the two countries for the purpose of carrying out the provisions of the convention.

Article XXIII provides for ratification and the exchange of instruments of ratification and prescribes that upon the exchange of such instruments the convention shall be effective (a) in the case of United States tax, for the taxable years beginning on or after January 1, of the year in which the exchange takes place, and (b) in the case of Danish tax, for the taxable years beginning on or after April 1 of the year in which the exchange takes place. It is provided that the convention shall remain in force for a minimum period of 5 years, but may be terminated at the end of that period or thereafter by a 6-month written notice by one of the Governments to the other Government, the termination to become effective (a) for the United States, on January 1, following the expiration of the 6-month period, and (b) for Denmark, on April 1 following the expiration of the 6-month period.

Respectfully submitted,

G. C. MARSHALL.

(Enclosure: Convention between the United States and Denmark relating to taxes on income, signed May 6, 1948.)

LETTER OF TRANSMITTAL

THE WHITE HOUSE,
May 29, 1948.

To the Senate of the United States:

With a view to receiving the advice and consent of the Senate to ratification, I transmit herewith the convention between the United States of America and Denmark, signed at Washington on May 6, 1948, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income.

I also transmit for the information of the Senate the report of the Secretary of State with respect to the convention.

The convention has the approval of the Department of State and the Treasury Department.

HARRY S. TRUMAN.

BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

WHEREAS a convention between the United States of America and Denmark for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income was signed by their respective plenipotentiaries at Washington on May 6, 1948, the original of which convention, in the English and Danish languages, is word for word as follows:

The President of the United States of America and His Majesty the King of Denmark, desiring to conclude a convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, have appointed for that purpose as their respective Plenipotentiaries:

The President of the United States of America:

Mr. George C. Marshall, Secretary of State of the United States of America, and

His Majesty the King of Denmark:

Mr. Henrik Kauffmann, Ambassador Extraordinary and Plenipotentiary of Denmark to the United States of America, who, having communicated to one another their full powers, found in good and due form, have agreed upon the following Articles:

ARTICLE I
(Taxes Covered)

(1) The taxes referred to in this Convention are:

(a) In the case of the United States of America:

The Federal income tax, including surtaxes.

(b) In the case of Denmark:

The national income tax, including the war profits tax.

The intercommunal income tax.

The communal income tax.

(2) The present Convention shall also apply to any other taxes of a substantially similar character imposed by either Contracting State subsequently to the date of signature of the present Convention.

ARTICLE II
(General Definitions)

(1) As used in this Convention:

(a) The term "United States" means the United States of America, and when used in a geographical sense includes only the States, the Territories of Alaska and Hawaii, and the District of Columbia.

(b) The term "Denmark" means the Kingdom of Denmark; the provisions of the Convention shall not, however, extend to the Faroe Islands; nor do they apply to Greenland.

(c) The term "permanent establishment" means a branch office, factory, warehouse or other fixed place of business, but does not include the casual and temporary use of merely storage facilities, nor does it include an agency unless the agent has and exercises a general authority to negotiate and conclude contracts on behalf of an enterprise or has a stock of merchandise from which he regularly fills orders on its behalf. An enterprise of one of the Contracting States shall not be deemed to have a permanent establishment in the other State merely because it carries on business dealings in such other State through a *bona fide* commission agent, broker or custodian acting in the ordinary course of his business as such. The fact that an enterprise of one of the Contracting States maintains in the other State a fixed place of business exclusively for the purchase of goods or merchandise shall not of itself constitute such fixed place of business a permanent establishment of such enterprise. The fact that a corporation of one Contracting State has a subsidiary corporation which is a corporation of the other State or which is engaged in trade or business in the other State shall not of itself constitute that subsidiary corporation permanent establishment of its parent corporation.

(d) The term "enterprise of one of the Contracting States" means, as the case may be, "United States enterprise" or "Danish enterprise".

(e) The term "enterprise" includes every form of undertaking whether carried on by an individual, partnership, corporation, or any other entity.

(f) The term "United States enterprise" means an enterprise carried on in the United States of America by a resident of the United States of America or by a United States corporation or other entity; the term "United States corporation or other entity" means a partnership, corporation or other entity created or organized in the United States of America or under the law of the United States of America or of any State or Territory of the United States of America.

(g) The term "Danish enterprise" means an enterprise carried on in Denmark by a resident of Denmark or by a Danish corporation or other entity; the term "Danish corporation or other entity" means a partnership, corporation or other entity created or organized in Denmark or under Danish laws.

(h) The term "competent authorities" means, in the case of the United States the Commissioner of Internal Revenue or his authorized representative; and in the case of Denmark, the Chief of the Taxation Department of the Ministry of Finance (Generaldirektøren for Skattevaesenet) or his authorized representative.

(2) In the application of the provisions of the present Convention by one of the Contracting States any term not otherwise defined shall, unless the context otherwise requires, have the meaning which such term has under its own tax laws.

ARTICLE III (Permanent Establishment)

(1) An enterprise of one of the Contracting States shall not be subject to taxation in the other Contracting State in respect of its industrial and commercial profits unless it is engaged in trade or business in such other State through a permanent establishment situated therein. If it is so engaged such other State may impose its tax upon the entire income of such enterprise from sources within such other State.

(2) In determining the industrial or commercial profits from sources within the territory of one of the Contracting States of an enterprise of the other Contracting State, no profits shall be deemed to arise from the mere purchase of goods or merchandise within the territory of the former Contracting State by such enterprise.

(3) Where an enterprise of one of the Contracting States is engaged in trade or business in the territory of the other Contracting State through a permanent establishment situated therein, there shall be attributed to such permanent establishment the industrial or commercial profits which it might be expected to derive if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing at arm's length with the enterprise of which it is a permanent

establishment and the profits so attributed shall, subject to the law of such other Contracting State, be deemed to be income from sources within the territory of such other Contracting State.

ARTICLE IV (Associated Enterprises)

Where an enterprise of one of the Contracting States, by reason of its participation in the management or the financial structure of an enterprise of the other Contracting State, makes with or imposes on the latter, in their commercial or financial relations, conditions different from those which would be made with an independent enterprise, any profits which would normally have accrued to one of the enterprises but by reason of those conditions have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

ARTICLE V (Shipping and Air Transport)

(1) Income which an enterprise of one of the Contracting States derives from the operation of ships or aircraft registered in that State shall be exempt from taxation in the other Contracting State.

(2) The present Convention shall not be deemed to affect the arrangement between the United States and Denmark providing for relief from double income taxation on shipping profits, effected by exchanges of notes dated May 22, August 9 and 18, October 24, 25, and 28, and December 5 and 6, in the year 1922.

ARTICLE VI (Dividends)

(1) Dividends shall be taxable only in the Contracting State in which the shareholder is resident or, if the shareholder is a corporation or other entity, in the Contracting State in which such corporation or other entity is incorporated or organized.

(2) Each of the Contracting States reserves, however, the right to collect and retain the tax which, under its revenue laws, is deductible at the source with respect to such dividends, but the tax shall not exceed 15 percent of the amount of dividends derived from sources within such State by a resident, corporation or other entity of the other State, if the recipient has no permanent establishment in the Contracting State from which the dividends are derived.

(3) It is agreed, however, that the rate of dividend tax at the source shall not exceed five percent if the shareholder is a corporation controlling, directly or indirectly, at least 95 percent of the entire voting power in the corporation paying the dividend, and if not more than 25 percent of the gross income of

such paying corporation is derived from interest and dividends, other than interest and dividends received from its own subsidiary corporations. Such reduction of the rate to five percent shall not apply if the relationship of the two corporations has been arranged or is, maintained primarily with the intention of securing such reduced rate.

ARTICLE VII (Interest)

Interest on bonds, securities, notes, debentures, or on any other form of indebtedness derived from sources within one of the Contracting States by a resident or corporation or other entity of the other Contracting State not having a permanent establishment in the former State shall be exempt from tax by such former State.

ARTICLE VIII (Royalties)

Royalties and other amounts derived as consideration for the right to use copyrights, patents, designs, secret processes and formulas, trade-marks and other like property (including rentals and like payments in respect of motion picture films) derived from sources within one of the Contracting States by a resident or corporation or other entity of the other Contracting State not having a permanent establishment in the former State shall be exempt from taxation in such former State.

ARTICLE IX (Income from Real Property)

(1) Income from real property (not including interest derived from mortgages and bonds secured by real property) and royalties in respect of the operation of mines, quarries, or other natural resources, shall be taxable only in the Contracting State in which such property, mines, quarries, or other natural resources are situated.

(2) A resident or corporation of one of the Contracting States deriving any such income from sources within the other Contracting State may, for any taxable year, elect to be subject to the tax of such other Contracting State, on a net basis, as if such resident or corporation were engaged in trade or business within such other Contracting State through a permanent establishment therein during such taxable year.

ARTICLE X (Government Employees: Pensions and Annuities)

(1) Wages, salaries, and similar compensation and pensions paid by one of the Contracting States or by any other public authority within that State to individuals residing in the other State shall be taxable only in the former State.

(2) Private pensions and life annuities derived from within one of the Contracting States and paid to individuals residing in the other Contracting State shall be exempt from taxation in the former State.

(3) The term "life annuities" as used herein means a stated sum payable periodically at stated times during life, or during a specified number of years, under an obligation to make the payments in consideration of a gross sum paid for such obligation.

ARTICLE XI (Personal Services)

(1) Compensation for labor or personal services, including the practice of the liberal professions, shall be taxable only in the Contracting State in which such services are rendered.

(2) The provisions of paragraph (1) are, however, subject to the following exceptions:

(a) A resident of Denmark shall be exempt from United States tax upon compensation for labor or personal services if he is temporarily present in the United States for a period or periods not exceeding a total of ninety days during the taxable year and the compensation received for such services does not exceed \$3,000 in the aggregate. If, however, his compensation is received for labor or personal services performed as an employee of, or under contract with, a resident or corporation or other entity of Denmark, he will be exempt from United States tax if his stay in the United States does not exceed a total of 180 days during the taxable year.

(b) The provisions of paragraph (2) (a) of this Article shall apply, *mutatis mutandis*, to a resident of the United States with respect to compensation for personal services otherwise subject to income tax in Denmark.

(3) The provisions of this Article shall have no application to the income to which Article X (1) relates.

ARTICLE XII ² (Capital Gains)

Gains derived in one of the Contracting States from the sale or exchange of capital assets by a resident or corporation or other entity of the other Contracting State shall be exempt from taxation in the former State if such resident or corporation or other entity is not engaged in trade or business in such former State.

² Article XII deleted upon Danish acceptance of U.S. reservation.

ARTICLE XIII
(Students and Apprentices)

Students or apprentices, citizens of one of the Contracting States, residing in the other Contracting State exclusively for purposes of study or for acquiring business experience, shall not be taxable in the latter State in respect of remittances (other than their own income) received by them from abroad for the purposes of their maintenance or studies.

ARTICLE XIV
(Professors or Teachers)

A professor or teacher, a resident of one of the Contracting States, who temporarily visits the territory of the other Contracting State for the purpose of teaching for a period not exceeding two years at a university, college, school or other educational institution in the other Contracting State, shall be exempted in such other Contracting State from tax on his remuneration for such teaching for such period.

ARTICLE XV
(Avoidance of Double Taxation)

It is agreed that double taxation shall be avoided in the following manner:

(a) The United States in determining the income taxes, including surtaxes, of its citizens, residents or corporations may, regardless of any other provision of this Convention, include in the basis upon which such taxes are imposed all items of income taxable under the revenue laws of the United States as if this convention had not come into effect. The United States shall, however, subject to the provisions of section 131, Internal Revenue Code, deduct from its taxes the amount of Danish taxes specified in Article I of this Convention.

(b) Denmark, in determining its taxes specified in Article I of this Convention, may, regardless of any other provision of this Convention, include in the basis upon which such taxes are imposed all items of income subject to such taxes under the taxation laws of Denmark. Denmark shall, however, deduct from the taxes so calculated the United States tax on income coming within the provisions of Articles III, IX, X (1), XIII and XIV of this Convention and on earned income earned within the United States, but in an amount not exceeding that proportion of the Danish taxes which such income bears to the entire income subject to tax by Denmark. Denmark will also allow as a deduction from its taxes an amount equal to 15 percent (five percent in the case of dividends covered by Article VI (3)) of the gross amount of dividends

(reduced by the United States tax applicable to such dividends) from sources within the United States.

ARTICLE XVI
(Non-Discrimination)

(1) The citizens of one of the Contracting States shall not, while resident in the other Contracting State, be subjected therein to other or more burdensome taxes than are the citizens of such other Contracting State residing in its territory. As used in this paragraph,

(a) the term "citizens" includes all legal persons, partnerships, and associations created or organized under the laws in the respective Contracting States, and

(b) the term "taxes" means taxes of every kind or description whether national, Federal, state, provincial or municipal.

(2) It is agreed that section 25, paragraph 5, of the Danish law No. 391 of July 12, 1946, prescribing an addition of 50 percent to the capital increment tax on corporations in cases where more than 50 percent of the entire stock capital is owned by a single shareholder residing outside Denmark, shall not be applicable when the shareholder in question is a resident of the United States or a United States corporation or other entity.

ARTICLE XVII
(Exchange of Information)

The competent authorities of the Contracting States shall exchange such information (being information available under the respective taxation laws of the Contracting States) as is necessary for carrying out the provisions of the present Convention or for the prevention of fraud or the administration of statutory provisions against tax avoidance in relation to the taxes which are the subject of the present Convention. Any information so exchanged shall be treated as secret and shall not be disclosed to any person other than those concerned with the assent and collection of the taxes which are the subject of the present Convention. No information shall be exchanged which would disclose any trade secret or trade process.

ARTICLE XVIII
(Mutual Assistance)

(1) The Contracting States undertake to lend assistance and support to each other in the collection of the taxes which are the subject of the present Convention, together with interest, costs, and additions to the taxes.

(2) In the case of applications for enforcement of taxes, revenue claims of each of the Contracting States which have been finally determined may be accepted for enforcement by the other Contracting State and may be collected in that State in accordance with the laws applicable to the enforcement and collection of its own taxes.

(3) Any application shall include a certification that under the laws of the State making the application the taxes have been finally determined.

(4) The assistance provided for in this Article shall not be accorded with respect to the citizens, corporations, or other entities of the State to which application is made, except as is necessary to insure that the exemption or reduced rate of tax granted under the present Convention to such citizens, corporations or other entities shall not be enjoyed by persons not entitled to such benefits.

ARTICLE XIX (Limitation on Effect of Treaty)

The State to which application is made for information or assistance shall comply as soon as possible with the request addressed to it except that such State may refuse to comply with the request for reasons of public policy or if compliance would involve violation of a trade, business, industrial or professional secret or trade process.

ARTICLE XX (Taxpayer Claims)

Where a taxpayer shows proof that the action of the revenue authorities of the Contracting States has resulted in double taxation in his case in respect of any of the taxes to which the present Convention relates, he shall be entitled to lodge a claim with the State of which he is a citizen or, if he is not a citizen of either of the Contracting States, with the State of which he is a resident, or, if the taxpayer is a corporation or other entity, with the State in which it is created or organized. Should the claim be upheld, the competent authority of such State may come to an agreement with the competent authority of the other State with a view to equitable avoidance of the double taxation in question.

ARTICLE XXI (Miscellaneous)

(1) The provisions of this Convention shall not be construed to deny or affect in any manner the right of diplomatic and consular officers to other or additional exemptions now enjoyed or which may hereafter be granted to such officers.

(2) The provisions of the present Convention shall not be construed to restrict in any manner any exemption, deduction, credit or other allowance accorded by the laws of one of the Contracting States in the determination of the tax imposed by such State.

(3) Should any difficulty or doubt arise as to the interpretation or application of the present Convention, or its relationship to Conventions between one of the Contracting States and any other State, the competent authorities of the Contracting States may settle the question by mutual agreement.

ARTICLE XXII (Regulations)

The competent authorities of the two Contracting States may prescribe regulations necessary to interpret and carry out the provisions of this Convention. With respect to the provisions of this Convention relating to exchange of information and mutual assistance in the collection of taxes, such authorities may, by common agreement, prescribe rules concerning matters of procedure, forms of application and replies thereto, conversion of currency, disposition of amounts collected, minimum amounts subject to collection and related matters.

ARTICLE XXIII (Entry into Force and Termination)

(1) The present Convention shall be ratified and the instruments of ratification shall be exchanged at Washington as soon as possible.

- (2) Upon the exchange of instruments of ratification, the present Convention shall have effect
- (a) in the case of United States tax, for the taxable years beginning on or after the first day of January of the year in which such exchange takes place;
 - (b) in the case of Danish tax, for the taxable years beginning on or after the first day of April of the year in which such exchange takes place.

(3) The present Convention shall continue effective for a period of five years and indefinitely after that period, but may be terminated by either of the Contracting States at the end of the five-year period or at any time thereafter, provided that at least six months' prior notice of termination has been given and, in such event, the present Convention shall cease to be effective

- (a) as respects United States tax, for the taxable years beginning on or after the first day of January next following the expiration of the six-month period;
- (b) as respects Danish tax, for the taxable year beginning on or after the first day of April next following the expiration of the six-month period.

DONE at Washington, in duplicate, in the English and Danish languages, the two texts having equal authenticity, this 6th day of May, 1948.

For the President of the United States of America:
G. C. MARSHALL

For His Majesty the King of Denmark:
HENRIK KAUFFMANN

[No. 1854]

AND WHEREAS the Senate of the United States of America, by their resolution of June 17, 1948, two-thirds of the Senators present concurring therein, did advise and consent to the ratification of the aforesaid convention subject to a reservation, as follows:

"The Government of the United States of America does not accept Article XII of the convention relating to gains from the sale or exchange of capital assets."

AND WHEREAS the text of the aforesaid reservation was communicated by the Government of the United States of America to the Government of Denmark and thereafter the Government of Denmark gave notice of its acceptance of the aforesaid reservation;

AND WHEREAS the aforesaid convention was duly ratified by the President of the United States of America on November 24, 1948, in pursuance of the aforesaid advice and consent of the Senate and subject to the aforesaid reservation, and the said convention, with the exception of Article XII thereof, was duly ratified on the part of Denmark;

AND WHEREAS the respective instruments of ratification of the aforesaid convention were duly exchanged at Washington on December 1, 1948, and a protocol of exchange of instruments of ratification, in the English and Danish languages, was signed on that date by the respective Plenipotentiaries of the United States of America and Denmark, the English text of which protocol reads in part: "it is the understanding of both Governments that Article XII of the convention aforesaid shall be deemed to be deleted and of no effect.";

AND WHEREAS it is provided in Article XXIII of the aforesaid convention that upon the exchange of instruments of ratification the convention shall have effect (a) in the case of United States tax, for the taxable years beginning on or after the first day of January of the year in which such exchange takes place, and (b) in the case of Danish tax, for the taxable years beginning on or after the first day of April of the year in which such exchange takes place;

Now, THEREFORE, be it known that I, Harry S. Truman, President of the United States of America, do hereby proclaim and make public the aforesaid convention to the end that the said convention and each and every article and clause thereof, subject to the aforesaid reservation, may be

observed and fulfilled with good faith by the United States of America and by the citizens of the United States of America and all other persons subject to the jurisdiction thereof.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused the Seal of the United States of America to be affixed.

DONE at the city of Washington this eighth day of December in the year of our Lord one thousand nine hundred forty- eight and of the Independence of the United States of America the one hundred seventy-third.

HARRY S. TRUMAN

By the President:

ROBERT A. LOVETT

Acting Secretary of State