

Taxation U.S. Imperial Airways 2
116/18/39
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DEPARTMENT OF STATE
WASHINGTON
August 28, 1939.

h.R.

Excellency:

116/14

I have the honor to refer further to your note no. 255 of June 27, stating that you presume from the notification to the collectors of customs mentioned in my note of June 14, that Imperial Airways will be entitled to enjoy all of the benefits of Section 3451 of the Internal Revenue Code, including exemption from Federal taxes on gasoline and oil, and requesting that you be advised whether your understanding of the above matter is correct.

Upon receipt of your note, inquiry was made of the Treasury Department regarding the above matter. I am now in receipt of a letter dated August 17, 1939, from the Secretary of the Treasury, advising me that

"Since under T.D. 49914 (7), . . . , aircraft registered in the United Kingdom and actually engaged in the foreign trade may make withdrawals

in

His Excellency

The Right Honorable

Sir Ronald Lindsay, P.C., G.C.M.G., K.C.B., C.V.O.,
British Ambassador.

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in the United States under the statutes above-mentioned free of duty and internal revenue tax upon compliance with the regulations promulgated thereunder, the understanding of the British Ambassador is correct."

The statutes referred to in the above quotation are Section 3451 of the Internal Revenue Code and Sections 309(a) and 317 of the Tariff Act of 1939 (U.S.C., Sup. IV, Title 19, Sections 1309(a) and 1317).

I have also been advised by the Secretary of the Treasury that in conformity with further advice from the Department of Commerce, collectors of customs are being informed that Bermuda allows privileges to aircraft registered in the United States and engaged in foreign trade substantially reciprocal to those specified in the Internal Revenue Code, Section 3451, and in Sections 309 and 317 of the Tariff Act of 1930, as amended by Section 5 of the Customs Administrative Act of 1938 (U.S.C., Sup. IV, Title 19, Sec. 1309 and 1317) in respect of aircraft registered in a foreign country and actually engaged in foreign trade.

Accept,

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Accept, Excellency, the renewed assurances of my highest consideration.

For the Secretary of State:

W. L. Walton Moore