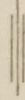


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140 (ii)



EXECUTIVE OFFICES

Englewood Cliffs, N. J.

December 4, 1959

Mr. A. F. Goodearl  
Assistant Treasurer  
The Atlantic Monthly  
8 Arlington Street  
Boston 16, Massachusetts

Dear Mr. Goodearl:

Reference is made to your letter of December 1, 1959 relating to the payment of a royalty to a nonresident alien in the Union of South Africa.

The statement in ¶87,006 of the P-H Tax Treaty Service means that there is no exemption provided in the treaty for such royalty. In the absence of a treaty provision, the statutory rate applies. You were correct in withholding the amount of 30% in the absence of the exemption. See ¶101,441.1, 101,441.2.

Apparently, the definition in Article II (j) is surplusage and may have been copied from other treaties as a matter of form. It does not apply to the South African Treaty.

Sincerely yours,

Frederick T. Day

FTD/gwh

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