

TAX CONVENTION WITH IRELAND

MESSAGE

FROM

THE PRESIDENT OF THE UNITED STATES

TRANSMITTING

CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF IRELAND FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND CAPITAL GAINS SIGNED AT DUBLIN ON JULY 28, 1997



OCTOBER 29, 1999.—Convention was read the first time, and together with the accompanying papers, referred to the Committee on Foreign Relations and ordered to be printed for the use of the Senate.

U.S. GOVERNMENT PRINTING OFFICE

LETTER OF TRANSMITTAL

THE WHITE HOUSE, *October 29, 1999.*

To the Senate of the United States:

I transmit herewith for Senate advice and consent to ratification the Convention Amending the Convention Between the Government of the United States of America and the Government of Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains signed at Dublin on July 28, 1997. The Convention, which was negotiated pursuant to the Senate's resolution of October 31, 1997, granting advice and consent to the 1997 Convention, modifies the tax treatment of dividends received from Real Estate Investment Trusts.

I recommend that the Senate give early and favorable consideration to this Convention and give its advice and consent to ratification.

WILLIAM J. CLINTON.PERSONAL COMPUTERJ079112-A015TD-
001-*****-*****-PAYROLL NO.: 95959 -NAME: WEST -FOLIOS: 3-7/10
-DATE: 10-29-99 -SUBFORMAT:

LETTER OF SUBMITTAL

DEPARTMENT OF STATE,
Washington, October 8, 1999.

The PRESIDENT,
The White House.

THE PRESIDENT: I have the honor to submit to you, with a view to its transmission to the Senate for advice and consent to ratification, the Convention Amending the Convention Between the Government of the United States of America and the Government of Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains Signed at Dublin on July 28, 1997 (“the proposed Convention”).

The Senate’s Resolution of October 31, 1997, providing advice and consent to the 1997 Convention contained a declaration calling for the United States to exercise its best efforts to amend the 1997 Convention in order to modify the tax treatment of dividends from Real Estate Investment Trusts. The proposed Convention would amend the 1997 Convention in response to the Senate’s declaration by expanding the category of dividends from Real Estate Investment Trusts that are entitled to the same preferential tax treatment currently provided to portfolio dividends earned on other corporate securities.

Article 1 of the proposed Convention replaces Paragraph 4 of Article 10 (Dividends) of the 1997 Convention. It maintains the current rules for the treatment of dividends paid by a Regulated Investment Company, which will continue to be subject to U.S. withholding tax at a rate of 15 percent. Dividends paid by a Real Estate Investment Trust will continue to be subject to the full U.S. domestic withholding rate of 30 percent in most cases, to reflect the fact that an investment in a Real Estate Investment Trust is a substitute for a direct investment in real property, income from which would be subject to the higher rate. However, a lower rate of 15 percent is provided for dividends paid by a Real Estate Investment Trust where specified conditions are met indicating that the investment is more similar to a portfolio investment in other types of corporations than to an investment in real property. The proposed Convention adds two additional categories of dividends that will qualify for the reduced rate of withholding tax.

Article 2 of the proposed Convention provides that the proposed Convention is subject to ratification, that the instruments of ratification shall be exchanged as soon as possible, and that the proposed Convention shall enter into force upon the exchange of instruments of ratification and shall have effect in respect of divi-

dends paid on or after the first day of the second month next following the date on which the proposed Convention enters into force.

The Department of the Treasury and the Department of State cooperated in the negotiation of the proposed Convention. It has the full approval of both Departments.

Respectfully submitted,

MADELEINE ALBRIGHT.

CONVENTION AMENDING
THE CONVENTION BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE GOVERNMENT OF IRELAND
FOR THE AVOIDANCE OF DOUBLE TAXATION
AND THE PREVENTION OF FISCAL EVASION
WITH RESPECT TO TAXES ON INCOME AND CAPITAL GAINS
SIGNED AT DUBLIN ON 28 JULY, 1997

The Government of the United States of America and the Government of Ireland,
desiring to amend the Convention Between the Government of the United States of America
and the Government of Ireland for the Avoidance of Double Taxation and the Prevention of
Fiscal Evasion with Respect to Taxes on Income and Capital Gains signed at Dublin on 28
July, 1997 (hereinafter referred to as the "1997 Convention"), have agreed as follows:

ARTICLE 1

Paragraph 4 of Article 10 (Dividends) of the 1997 Convention shall be deleted and replaced by the following:

“4. Subparagraph a) of paragraph 2 shall not apply in the case of dividends paid by a Regulated Investment Company (RIC) or a Real Estate Investment Trust (REIT). In the case of dividends paid by a RIC, subparagraph b) of paragraph 2 shall apply. In the case of dividends paid by a REIT, subparagraph b) of paragraph 2 also shall not apply unless:

- a) the beneficial owner of the dividends is an individual holding an interest of not more than 10 percent in the REIT;
- b) the dividends are paid with respect to a class of stock that is publicly traded and the beneficial owner of the dividends is a person holding an interest of not more than 5 percent of any class of the REIT's stock; or
- c) the beneficial owner of the dividends is a person holding an interest of not more than 10 percent in the REIT and the REIT is diversified.”

ARTICLE 2

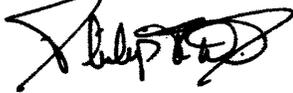
1. This Convention shall be subject to ratification in accordance with the applicable procedures in the United States of America and Ireland and instruments of ratification shall be exchanged as soon as possible.

2. This Convention shall enter into force upon the exchange of instruments of ratification and shall have effect in respect of dividends paid on or after the first day of the second month next following the date on which the Convention enters into force.

IN WITNESS WHEREOF, the undersigned, being duly authorized thereto by their respective Governments, have signed this Convention.

DONE at Washington, in duplicate, this 24th day of September, 1999.

FOR THE GOVERNMENT OF THE
UNITED STATES OF AMERICA:



FOR THE GOVERNMENT
OF IRELAND:

