

LB&I Concept Unit Knowledge Base – International

Library Level	Number	Title
Shelf		Cross-Over
Book	16	Treaties
Chapter	13	Other Treaty Issues (non-procedural)
Section		

Unit Name	Shipping and Air Transport Article Overview	
Primary UIL Code	9450.11	Other technical (non-process) treaty issues

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Table of Contents

(View this PowerPoint in “Presentation View” to click on the links below)

[General Overview](#)

[Relevant Key Factors](#)

[Detailed Explanation of the Concept](#)

[Index of Referenced Resources](#)

[Training and Additional Resources](#)

[Glossary of Terms and Acronyms](#)

[Index of Related Practice Units](#)

General Overview

Shipping and Air Transport Article Overview

U.S. Taxation of International Shipping and Aircraft Operations

Nonresident aliens and foreign corporations are subject to a four percent tax on their U.S. source gross transportation income (USSGTI) under IRC 887, which generally comprises:

- any gross income (without reduction by any deductions or losses);
- that is “transportation income” (as defined by IRC 863(c)(3));
- that is treated as from sources within the United States under IRC 863(c)(2); and
- that is not effectively connected income (ECI), as determined by a special test for determining ECI under IRC 887(b)(4).

“Transportation income,” as defined by IRC 863(c)(3), includes any income derived from, or in connection with the use (or hiring or leasing for use) of any vessel or aircraft (including containers used in connection with a vessel or aircraft) and the performance of services directly related to their usage. Under IRC 863(c)(2), transportation income that begins or ends in the United States is treated as derived 50 percent from sources within the United States and 50 percent from sources without the United States.

Income that would otherwise be treated as USSGTI is instead treated as ECI under IRC 887(b)(4) if:

- the taxpayer has a fixed place of business in the United States involved in earning USSGTI; and
- substantially all of its USSGTI is attributable to regularly scheduled transportation (or in the case of income from the leasing of a vessel or aircraft, is attributable to a fixed place of business in the United States).

 **CAUTION:** If USSGTI of a nonresident alien or foreign corporation is treated as ECI under IRC 887(b)(4), then the normal rules regarding taxation of ECI apply. In that case, the taxpayer is generally required to pay tax on a net income basis (after allowable deductions from gross income) under IRC 871(b) or IRC 882, instead of paying the four percent gross-basis tax. Moreover, if the foreign person is a corporation, such income could also be subject to the branch profits tax under IRC 884.

General Overview (cont'd)

Shipping and Air Transport Article Overview

Exemption from U.S. Taxation of International Shipping and Aircraft Operations

A nonresident alien or foreign corporation may be entitled to exclude certain USSGTI from its U.S. gross income under IRC 872(b) or IRC 883(a) (as applicable) if its country of residence grants an equivalent exemption to U.S. residents through its domestic law or an income tax treaty with the United States. See Treas. Reg. 1.883-1(h). On occasion, an exemption based on the domestic law of a foreign country is confirmed by an exchange of diplomatic notes or by a letter issued to the foreign government by the IRS. See Revenue Ruling (Rev. Rul.) 2008-17. Shipping and Air Transport (or similarly titled) articles of U.S. income tax treaties generally exempt profits of an enterprise of a Contracting State from the operation of ships or aircraft in international traffic from tax in the other Contracting State (i.e., such profits are taxable only in the Contracting State of residence of the person carrying on the enterprise). A "Contracting State" is a country party to an income tax treaty (e.g., for the U.S.-Canada income tax treaty, the Contracting States of that treaty are the United States and Canada).

 **CAUTION:** This Practice Unit is intended to generally cover the Shipping and Air Transport article as it commonly applies in U.S. income tax treaties. However, the Shipping and Air Transport articles in certain U.S. income tax treaties present unique requirements that must be satisfied for benefits to be granted. Since each U.S. income tax treaty is unique, the applicable treaty and its Shipping and Air Transport article should be consulted for each particular case.

Relevant Key Factors

Shipping and Air Transport Article Overview

Key Factors

 **CAUTION:** Due to the defined scope of the Shipping and Air Transport article's application and practical experience related to U.S. taxation of income covered by this article, this Practice Unit will generally only focus on corporate taxpayers.

Treaty Contains a Shipping and Air Transport Article

Not all U.S. income tax treaties have a Shipping and Air Transport article; however, in most of these cases, a separate agreement exists between the United States and the foreign country that functions in a similar manner as the Shipping and Air Transport article would. For example, while the U.S.-China Income Tax Treaty does not contain a Shipping and Air Transport article or similar provision, a separate agreement between the United States and China provides substantially similar provisions as those contained in a Shipping and Air Transport article. See *Agreement between the Government of the United States of America and the Government of the People's Republic of China with respect to Mutual Exemption from Taxation of Transportation Income of Shipping and Air Transport Enterprises* (March 5, 1982).

General Qualification for Application of the Treaty

In addition to the applicable income tax treaty containing a Shipping and Air Transport article, the following requirements must be met for a taxpayer to claim benefits under such article.

- Is the treaty residence requirement satisfied? Generally, only residents of a Contracting State may claim the vast majority of benefits in an income tax treaty. Moreover, in most U.S. income tax treaties, the benefits provided under the Shipping and Air Transport article can only be claimed by an "enterprise of a Contracting State." This term is defined in many modern U.S. income tax treaties as a business carried on by a resident of that Contracting State (including a business conducted through a fiscally transparent entity). Some U.S. income tax treaties effectively prescribe a heightened residence requirement within the Shipping and Air Transport article (i.e., the normal treaty residency requirements plus certain additional requirement(s) must each be satisfied). For example, Article V of the U.S.-Greece Income Tax Treaty requires a taxpayer be an enterprise of a Contracting State and that the relevant ships or aircraft be registered or documented in that Contracting State.

Relevant Key Factors (cont'd)

Shipping and Air Transport Article Overview

Key Factors

General Qualification for Application of the Treaty (cont'd)

-  **CAUTION:** Where an enterprise of a Contracting State encompasses a business conducted through an entity that is treated as fiscally transparent in either Contracting State (or both Contracting States), apply the proper rules related to treatment of income derived by a fiscally transparent entity under the applicable income tax treaty. See e.g., U.S. Model Treaty (2006), Art. 1(6) (providing that income from sources within one of the Contracting States received by an entity that is treated as fiscally transparent under the laws of one or both Contracting States will be treated as income derived by a resident of the other Contracting State, and therefore potentially eligible for benefits, to the extent that such income is subject to tax as the income of a resident of the other Contracting State). If, however, U.S. domestic law is the basis for exemption or the treaty contains no specific rules regarding income derived through fiscally transparent entities, apply the applicable provisions under the IRC and Treasury Regulations. See e.g., Treas. Reg. 1.894-1(d).
-  **CAUTION:** The Organization for Economic Cooperation and Development (OECD) Model Treaty (2014), Art. 8 provides profits from the operation of ships or aircraft in international traffic are taxable only in the Contracting State in which the place of effective management of the enterprise is situated (in certain circumstances, the Contracting State in which the place of effective management is situated may not be the Contracting State of which the enterprise is a resident for treaty purposes). Keep in mind, however, that the taxpayer cannot rely on this rule in the OECD Model Treaty if it differs from the U.S. income tax treaty being applied.
- Is the Limitation on Benefits (LOB) article satisfied? Where the applicable income tax treaty contains an LOB article, a resident of a Contracting State will be entitled to treaty benefits (including those provided under the Shipping and Air Transport article) only to the extent provided for under the Limitation on Benefits article. See e.g., U.S. Model Treaty (2006), Art. 22.
 - Other considerations? In some circumstances, other rules may act to bar application of a treaty benefit. In particular, the taxpayer must adhere to anti-abuse rules under the domestic laws of the Contracting States and U.S. income tax treaties (e.g., beneficial ownership rules), if applicable.

Relevant Key Factors (cont'd)

Shipping and Air Transport Article Overview

Key Factors

Taxpayer Filing Requirements

Every foreign corporation that derives USSGTI must file a Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*, with a Schedule V, *List of Vessels or Aircraft, Operators, and Owners*, attached, even if the income is eligible for exemption from taxation under a U.S. income tax treaty or if it is excluded from gross income under IRC 883. If the foreign taxpayer takes the position that an income tax treaty provides an exemption from the four-percent tax imposed by IRC 887, without reference to IRC 883, it must attach a Form 8833, *Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b)*, to its Form 1120-F (to comply with IRC 6114), which generally requires disclosing a treaty-based return position on a U.S. income tax return. If the foreign taxpayer takes the position that the income is exempt from federal income tax under IRC 883, in addition to the above requirements, it must also attach a Schedule S, *Exclusion of Income from the International Operation of Ships or Aircraft Under Section 883*, to its Form 1120-F.

Terms of Art

This Practice Unit references terms unique to this subject area, many of which are defined below.

- Bareboat Lease/Charter - A contract for the use of a ship or aircraft whereby the lessee is in complete possession, control, and command of the ship or aircraft. For example, in a bareboat charter, the lessee is responsible for the navigation and management of the ship or aircraft, the crew, supplies, repairs and maintenance, fees, insurance, charges, commissions and other expenses connected with the use of the ship or aircraft. The lessor of the ship bears none of the expense or responsibility of operation of the ship or aircraft. See Treas. Reg. 1.883-1(e)(5)(i).
- Dry Lease - A dry lease is the bareboat charter of an aircraft. See Treas. Reg. 1.883-1(e)(5)(iii).
- Full Charter - Full charter (or full rental) means a time charter or a voyage charter of a ship or a wet lease of an aircraft but during which the full crew and management are provided by the lessor. See Treas. Reg. 1.883-1(e)(5)(vi).

Relevant Key Factors (cont'd)

Shipping and Air Transport Article Overview

Key Factors

Terms of Art (cont'd)

- International Traffic - Generally defined in U.S. income tax treaties as any transport by a ship or aircraft, except when such transport is solely between places in a Contracting State (e.g., transport solely within the United States would not be treated as international traffic, whether carried by a U.S. or a foreign carrier)
- Time Charter - A contract for the use of a ship or aircraft for a specific period of time, during which the lessor of the ship or aircraft retains control of the navigation and management of the ship or aircraft (i.e., the lessor continues to be responsible for the crew, supplies, repairs and maintenance, fees and insurance, charges, commissions and other expenses connected with the use of the ship or aircraft). See Treas. Reg. 1.883-1(e)(5)(ix).
- Vessel - A vessel is a ship. 'Vessel' and 'ship' are used interchangeably in this Practice Unit, but are intended to be the same for purposes of this Practice Unit.
- Voyage Charter - A contract similar to a time charter except that the ship or aircraft is chartered for a specific voyage or flight rather than for a specific period of time. See Treas. Reg. 1.883-1(e)(5)(x).
- Wet Lease - A wet lease is the time or voyage charter of an aircraft. See Treas. Reg. 1.883-1(e)(5)(xi).

Detailed Explanation of the Concept

Shipping and Air Transport Article Overview

Shipping and Air Transport (or similarly titled) articles of U.S. income tax treaties generally exempt profits of an enterprise of a Contracting State from the operation of ships or aircraft in international traffic from tax in the other Contracting State

Analysis	Resources
<p><u>Income Covered by the Article</u></p> <p>Generally, the Shipping and Air Transport article contained in U.S. income tax treaties governs the taxation of profits from the operation of ships or aircraft in international traffic. E.g., see U.S. Model Treaty (2006), Art. 8(1), (2). In most U.S. income tax treaties, this article also governs the profits from the use, maintenance, or rental of containers (including equipment for their transport), unless those containers are used for transport solely in the other contracting state. E.g., see U.S. Model Treaty (2006), Art. 8(3).</p> <p> CAUTION: Not all U.S. treaty partners have agreed to this broad coverage of containers. Read the scope of the applicable article carefully.</p> <p>Generally, income covered within the scope of the Shipping and Air Transport article includes any income derived through pooling arrangements, a joint business, or international operating agencies (e.g., see U.S. Model Treaty (2006), Art. 8(4)); these are various arrangements for international cooperation by carriers in shipping and air transport that can potentially be taxed as a separate corporation or a partnership depending on the type of arrangement and its characterization under local law.</p>	<ul style="list-style-type: none">▪ U.S. Model Treaty (2006), Art. 8(1), (2)▪ U.S. Model Treaty (2006), Art. 8(3)▪ Commentary on Article 8(1) of the OECD Model Treaty (2014), Paras. 9 and 39.▪ U.S. Model Treaty (2006), Art. 8(4)

Detailed Explanation of the Concept (cont'd)

Shipping and Air Transport Article Overview

Analysis

Resources

Income Covered by the Article (cont'd)

In most situations, “profits ... from the operation of ships or aircraft” is defined by the domestic law of the Contracting State whose tax is being applied (although paragraph 2 of the Shipping and Air Transport article in most U.S. income tax treaties provides nonexclusive examples of profits from the operation of ships or aircraft). E.g., see U.S. Model Treaty (2006), Art. 3(2). In cases where U.S. tax law is being applied, a foreign corporation is considered to be engaged in the operation of ships or aircraft only during the time it is the owner or lessee of such ships or aircraft and uses them for one or more of the following activities:

1. Carriage of passengers or cargo for hire; or
2. Leasing of ships or aircraft, provided the ship or aircraft is used to carry passengers or cargo for hire, and the income is from the leasing of ships or aircraft
 - i. on a full (time or voyage) basis;
 - ii. on a bareboat basis, and the income is incidental to profits from the operation of ships or aircraft in international traffic; or
 - iii. on a bareboat basis, and the ships or aircraft leased are operated in international traffic by the lessee.

- U.S. Model Treaty (2006), Art. 3(2)
- Treas. Reg. 1.883-1(e), (g)
- Commentary on Article 8(1) of the OECD Model Treaty (2014), Para. 39

Detailed Explanation of the Concept (cont'd)

Shipping and Air Transport Article Overview

Analysis

Resources

Income Covered by the Article (cont'd)

 **CAUTION:** Under a number of treaties, the Shipping and Air Transport article's provisions cover profits from bareboat leasing of vessels and dry leasing of aircraft only where the income is incidental to profits from the operation of ships or aircraft in international traffic. E.g., see Protocol to U.S.-Italy Income Tax Treaty (1999), Art. 1(7)(b) (amending Article 8 of the Treaty) and U.S.-India Income Tax Treaty, Art. 8(2)(c). If the article does not apply to the profits, the Business Profits article would instead apply in such situations. If a bareboat lessor did not have a permanent establishment in the United States, the result would generally be the same as if the Shipping and Air Transport article applied, provided the bareboat income was derived from the conduct of a business in the other state and there was no permanent establishment in the United States.

Certain profits from non-transport activities that are an integral part of the services provided by a transport company or are ancillary to the enterprise's operation of ships or aircraft in international traffic are understood to be from the operation of ships or aircraft in international traffic (e.g., such activities include engineering services provided by a transport company to other transportation entities, and also include such company's provision of ground and equipment maintenance and staff, cargo handlers, catering staff, and customer services personnel).

Article VIII of the U.S.-Canada Income Tax Treaty incorporates profits derived by a resident of a Contracting State engaged in the operation of motor vehicles or a railway as a common carrier or contract carrier that are attributable to the transportation of passengers or property between a point outside the other Contracting State and any other point.

- Protocol to U.S.-Italy Income Tax Treaty (1999), Art. 1(7)(b)
- U.S.-India Income Tax Treaty, Art. 8(2)(c)

- Technical Explanation (TE) to U.S. Model Treaty (2006), Art. 8(2)
- Commentary on Article 8(1) of the OECD Model Treaty (2014), Para. 10

- U.S.-Canada Income Tax Treaty, Article VIII(4)

Detailed Explanation of the Concept (cont'd)

Shipping and Air Transport Article Overview	
Analysis	Resources
<p><u>Income Covered by the Article (cont'd)</u></p> <p>“International traffic” is generally defined in U.S. income tax treaties as any transport by a ship or aircraft, except when such transport is solely between places in a Contracting State (e.g., transport solely within the United States would not be treated as international traffic, whether carried by a U.S. or a foreign carrier). E.g., see U.S. Model Treaty (2006), Art. 3(1)(f).</p> <p> CAUTION: Some older U.S. income tax treaties do not expressly provide that the operation of ships or aircraft need to be in international traffic to be covered under the relevant article. E.g., see U.S.-Greece Income Tax Treaty, Art. V(1). However, the international traffic requirement is implicit in such income tax treaties. E.g., in regard to the U.S.-Greece Income Tax Treaty, Art. V(1), see 1988-2 CB 366 (Exchange of Notes, U.S.-Greece); see also Rev. Rul. 2008-17.</p> <p>U.S. income tax treaties also define what geographic areas compose each Contracting State. The “United States” is generally defined in U.S. income tax treaties to include the states and the District of Columbia, but not U.S. territories. E.g., see U.S. Model Treaty (2006), Art. 3(1)(i).</p>	<ul style="list-style-type: none"> ▪ U.S. Model Treaty (2006), Art. 3(1)(f) ▪ U.S.-Greece Income Tax Treaty, Art. V(1) ▪ 1988-2 CB 366 (Exchange of Notes, U.S.-Greece) ▪ Rev. Rul. 2008-17 ▪ U.S. Model Treaty (2006), Art. 3(1)(i)

Detailed Explanation of the Concept (cont'd)

Shipping and Air Transport Article Overview	
Analysis	Resources
<p data-bbox="84 382 629 415"><u>Income Covered by the Article (cont'd)</u></p> <p data-bbox="84 458 1404 872">For certain purposes, the term “United States” includes the territorial sea of the United States and the seabed and subsoil of undersea areas adjacent to the territorial sea of the United States. E.g., see U.S. Model Treaty (2006), Art. 3(1)(i). This geographical scope applies to the extent that the United States exercises sovereignty over such areas in accordance with international law relating to natural resource exploration and exploitation, but only if the person, property, or activity to which the U.S. income tax treaty is being applied is connected with such natural resource exploration or exploitation. That is, it would not include any activity involving the sea floor of an area over which the United States exercised sovereignty for natural resource purposes if that activity was unrelated to the exploration and exploitation of natural resources. For example, the expanded geographical scope described above would not apply to fishing activities.</p> <p data-bbox="84 915 1404 1172">For U.S. tax purposes, the territorial sea of the United States is generally treated as extending three miles from the United States coastline. See The Submerged Lands Act, 43 U.S.C. 1301-1315 (2002); e.g., see 43 U.S.C. 1312. The U.S. continental shelf (i.e., the seabed and subsoil of submarine areas which are adjacent to the territorial waters of the United States and over which the United States has exclusive rights, in accordance with international law, with respect to the exploration for, and exploitation of, natural resources) is treated as part of the United States for purposes of natural resource exploration and exploitation.</p>	<ul style="list-style-type: none"> <li data-bbox="1425 522 1970 636">▪ U.S. Model Treaty (2006), Art. 3(1)(i) <li data-bbox="1425 565 1960 636">▪ TE to U.S. Model Treaty (2006), Art. 3(1) <li data-bbox="1425 829 1773 865">▪ Treas. Reg. 1.638-1(d) <li data-bbox="1425 922 1881 993">▪ The Submerged Lands Act, 43 U.S.C. 1301-1315 (2002) <li data-bbox="1425 1008 1670 1043">▪ 43 U.S.C. 1312 <li data-bbox="1425 1058 1773 1093">▪ Treas. Reg. 1.638-1(a) <li data-bbox="1425 1100 1566 1136">▪ IRC 638

Detailed Explanation of the Concept (cont'd)

Shipping and Air Transport Article Overview

Analysis

Resources

Income Covered by the Article (cont'd)



CAUTION: Some U.S. income tax treaties contain an Offshore Activities (or similar) article. For such income tax treaties, the Offshore Activities article may take precedence over the Shipping and Air Transport article for treatment of income from activities carried on offshore with the exploration and exploitation of the seabed and its subsoil and their natural resources. These articles generally do not apply, however, to profits derived by a resident of a Contracting State from the transportation by ship or aircraft of supplies or personnel to a location where activities in connection with the exploration or exploitation of the seabed and subsoil and their natural resources are being carried on in the other Contracting State, or from the operation of tugboats and similar vessels in connection with such activities. E.g., see U.S.-Norway Income Tax Treaty, Art. 4A(3); see also U.S.-Netherlands Income Tax Treaty, Art. 27(4); but see U.S.-U.K. Income Tax Treaty, Art. 21 (no exclusion for transportation).

Generally, income earned by an enterprise from the inland transport of property or passengers within either Contracting State is considered income covered by the Shipping and Air Transport article if such transport is undertaken as part of the international transport of property or passengers by the enterprise. E.g., see TE to U.S. Model Treaty (2006), Art. 8(2).

Allocation of Tax on Income Covered by the Article

Generally, the Shipping and Air Transport article provides that covered income is taxable only in the residence Contracting State of the enterprise. E.g., see U.S. Model Treaty (2006), Art. 8(1).

- U.S.-Norway Income Tax Treaty, Art. 4A(3)
- U.S.-Netherlands Income Tax Treaty, Art. 27(4)
- U.S.-U.K. Income Tax Treaty, Art. 21
- TE to U.S. Model Treaty (2006), Art. 8(2)
- U.S. Model Treaty (2006), Art. 8(1)

Detailed Explanation of the Concept (cont'd)

Shipping and Air Transport Article Overview

Analysis

Resources

Allocation of Tax on Income Covered by the Article (cont'd)

 **CAUTION:** Not all U.S. income tax treaties provide exclusive allocation of tax to the Contracting State of the enterprise. E.g., see U.S.-Philippines Income Tax Treaty, Art. 9(1)(providing limited source Contracting State tax) and U.S.-Thailand Income Tax Treaty, Art. 8.

Generally, income covered under the Shipping and Air Transport article may not be taxed in the non-residence Contracting State, even if the enterprise deriving such income has a permanent establishment in that Contracting State. E.g., see TE to U.S. Model Treaty (2006), Art. 8(1). Entities engaged in international transportation activities may have offices/permanent establishments in numerous countries, so consistent application of this rule avoids difficulties that would be encountered in attributing income to multiple permanent establishments if the income were instead covered by the Business Profits article.

- U.S.-Philippines Income Tax Treaty, Art. 9(1)
- U.S.-Thailand Income Tax Treaty, Art. 8
- TE to U.S. Model Treaty (2006), Art. 8(1)

Detailed Explanation of the Concept (cont'd)

Shipping and Air Transport Article Overview	
Analysis	Resources
<p><u>Income Not Covered By the Article</u></p> <p>In most U.S. income tax treaties, income from the sale of a vessel or aircraft operated in international traffic is covered under the Gains article, and not the Shipping and Air Transport article. E.g., see U.S. Model Treaty (2006), Art. 13(4). However, the principles are similar. Generally, Gains article treatment controls even if such profits are attributable to a permanent establishment in the non-resident Contracting State, so long as the sold property was operated in international traffic before its disposal. Gains derived by an enterprise of a Contracting State from the alienation of containers (including trailers, barges and related equipment for the transport of containers) used for the transport of goods or merchandise are generally taxable only in the residence State, unless the containers were used for transport solely between places within the other Contracting State. E.g., see U.S. Model Treaty (2006), Art. 13(5).</p> <p> CAUTION: In some U.S. income tax treaties, income from the sale of a vessel or aircraft operated in international traffic is covered under the Shipping and Air Transport article. E.g., see U.S.-Canada Income Tax Treaty, Art. VIII(1).</p> <p>In most U.S. income tax treaties, personal services income of crew of a vessel or aircraft operated in international traffic is covered under the Dependent Personal Services or Income from Employment article, and not the Shipping and Air Transport article. E.g., see U.S. Model Treaty (2006), Art. 14(3).</p>	<ul style="list-style-type: none"> ▪ U.S. Model Treaty (2006), Art. 13(4) ▪ TE to U.S. Model Treaty (2006), Art. 13(4) ▪ U.S. Model Treaty (2006), Art. 13(5) ▪ U.S.-Canada Income Tax Treaty, Art. VIII(1) ▪ U.S. Model Treaty (2006), Art. 14(3)

Index of Referenced Resources

Shipping and Air Transport Article Overview

43 U.S.C. 1312

The Submerged Lands Act, 43 U.S.C. 1301-1315 (2002)

IRC 638

IRC 863

IRC 871

IRC 872

IRC 877

IRC 882

IRC 883

IRC 884

IRC 887

IRC 6114

Treas. Reg. 1.638-1(d)

Treas. Reg. 1.883-1(e), (g)

Treas. Reg. 1.883-1(h)

Treas. Reg. 1.894-1(d)

Rev. Rul. 2008-17 – International Operation of Ships or Aircraft; Foreign Corporation

Index of Referenced Resources (cont'd)

Shipping and Air Transport Article Overview

Form 1120-F - *U.S. Income Tax Return of a Foreign Corporation*

Form 1120-F, Schedule S - *Exclusion of Income From the International Operation of Ships or Aircraft Under Section 883*

Form 1120-F, Schedule V - *List of Vessels or Aircraft, Operators, and Owners*

Form 8833 - *Treaty-Based Return Position Disclosure Under Section 6114 or 7701(b)*

OECD Model Treaty (2014), Art. 8

Commentary on Article 8(1) of the OECD Model Treaty (2014), para. 9

Commentary on Article 8(1) of the OECD Model Treaty (2014), para. 39

Protocol to the U.S.-Italy Income Tax Treaty (1999), Art. 1(7)(b)

TE to U.S. Model Treaty (2006), Arts. 3(1), 8(1),(2), and 13(4)

U.S.-Canada Income Tax Treaty, Art. VIII(1), (4)

U.S.-China Income Tax Treaty

U.S.-Greece Income Tax Treaty, Art. V

U.S.-India Income Tax Treaty, Article 8(2)(c)

U.S.-Norway Income Tax Treaty, Art. 4A(3)

U.S.-Netherlands Income Tax Treaty, Art. 27(4)

U.S.-Philippines Income Tax Treaty, Art. 9(1)

Index of Referenced Resources (cont'd)

Shipping and Air Transport Article Overview

U.S.-Thailand Income Tax Treaty, Art. 8

U.S.-U.K. Income Tax Treaty, Art. 21

U.S. Model Treaty (2006), Arts. 1(6), 3(1),(2), 8(1)-(4), 13(4),(5), 14(3), 22

1988-2 CB 366 (Exchange of Notes, U.S.-Greece)

Agreement Between the Government of the United States of America and the Government of the People's Republic of China with respect to Mutual Exemption from Taxation of Transportation Income of Shipping and Air Transport Enterprises (March 5, 1982)

Training and Additional Resources

Shipping and Air Transport Article Overview	
Type of Resource	Description(s)
Saba Meeting Sessions	<ul style="list-style-type: none">▪ <i>Treaties Basics</i> - 2015 Saba Meeting
Articles	<ul style="list-style-type: none">▪ <i>BNA Tax Management Int'l Portfolio</i> 940-2nd Sec. IX. (Income from Transportation)▪ <i>Anderson - Analysis of United States Treaties</i> Chapter 6 (Income from International Transportation)

Glossary of Terms and Acronyms

Term/Acronym	Definition
ECI	Effectively connected income
LOB	Limitation on Benefits
OECD	Organization for Economic Cooperation and Development
Rev. Rul.	Revenue Ruling
TE	Treasury Department Technical Explanation to a bilateral income tax treaty, protocol amending a bilateral income tax treaty, or model treaty
USSGTI	U.S. source gross transportation income

Index of Related Practice Units

Associated UIL(s)	Related Practice Unit	DCN
	None at this time	