

BRITISH EMBASSY,
WASHINGTON, D.C.,
June 27th, 1939.

No. 255.

Sir,

I have the honour to acknowledge with thanks the receipt of your note (611.41246/52) of the 14th June, regarding the exemption from United States customs duty of supplies and equipment withdrawn from bonded warehouses in the United States for the use of aircraft registered in the United Kingdom, and I am glad to note that the Collectors of Customs are being instructed to accord to aircraft registered in the United Kingdom the privileges granted by sections 309 (a) and 317 of the Tariff Act of 1930, as amended.

I further note that the Collectors of Customs are also being advised that the United Kingdom allows privileges to aircraft registered in the United States which are substantially reciprocal to those specified in the Internal Revenue Code, section 3451, in respect of aircraft registered in a foreign country and actually engaged in foreign trade. This section of the Internal Revenue Code provides that the privileges granted under it "in respect of civil aircraft employed in foreign trade or trade between the United States and any of its possessions, in respect of aircraft registered in a foreign country, shall be allowed only if the Secretary of the Treasury

has/

FRHM:ACEM:NT

The Honourable

Cordell Hull,

Secretary of State of the United States,
Washington, D. C.

Seen by G.A.

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"has been advised by the Secretary of Commerce that he has found that such foreign country allows, or will allow, substantially reciprocal privileges in respect of aircraft registered in the United States." I presume therefore that Messrs. Imperial Airways will be entitled to enjoy all the benefits of section 3451 of the Internal Revenue Code including exemption from the Federal taxes on gasoline and oil. I should, however, be grateful to learn whether my understanding is correct.

In this connexion I may mention that, as the United States Government is no doubt aware, Pan-American Airways enjoy full exemption from taxes on fuel and oil in Bermuda (as well as from taxes on aircraft spares and equipment) and have had the benefit of customs exemptions when refuelling at Hythe, England, not only in connexion with the trans-Atlantic experimental flights but also with respect to the recent flights of the "Yankee Clipper".

I have the honour to be,
with the highest consideration,

Sir,

Your most obedient,
humble servant,

(SOD) R.C. LINDSAY