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C. Consequently, being the highest expression of the will of the shareholders, the unanimous meeting may convoke itself and transact business of all kinds with the sole legal restriction that, to be valid, decisions must be adopted by a unanimity of all shares with the right to vote.

D. In any event, we understand that in cases of regular meetings called to consider financial statements, memorials, and reports from the syndics, even when such meetings are of the unanimous type, it is not permissible to dispense with the previous meeting of the Board of Directors at which these documents are approved, whether or not there has been a pronouncement about the convocation of such meetings.

M. & M. BOMCHIL  
Buenos Aires, June 1976

Note: The above memorandum was first published in *The Review of the River Plate* of June 18, 1976. The translation appearing herein was prepared by the staff of the *Lawyer of the Americas*.

## ANNUITIES FOR PATENT APPLICATIONS IN BRAZIL

1. By Normative Act No. 017 of May 11, 1976, the National Institute of Industrial Property (INPI) granted a term of 30 days in addition to the normal term of 180 days established by the Industrial Property Code—Law No. 5.772/71—for payment of the annuities for patent applications in course, and made other provisions regarding proceedings pending on appeal or pending dismissal due to lack of payment of such annuities within the 180-day term.

2. Thus, in accordance with the above-mentioned Normative Act, the following three hypotheses were established:

- a. Concerning patent applications whose annuities have not been paid within the 180-day term (established by the Code), provided that 30 days have not elapsed from the end of said legal term, the interested party must simply pay the charges relative to the respective annuity and prove such payment by means of a petition, regardless of any notification from the INPI to so proceed;

- b. Concerning patent applications whose annuities have not been paid within the legal term and which are pending appeal by their holders, the INPI will notify the interested party to prove payment of the annuities and of the appeal charges, both in accordance with the chart presently in effect within 60 days of said notification;
- c. Concerning patent applications whose annuities have not been paid within the legal term, but for which dismissal has not yet been published, the INPI will notify the interested party to effect payment, or prove payment of the annuities owed within 60 days.

MAURO J. G. ARRUDA  
Pinheiro Neto & Cia.  
São Paulo, June, 1976

## U.S. TAXATION OF FOREIGN CORPORATIONS

### I. GENERAL RULES FOR FOREIGN CORPORATIONS

Foreign corporations would ordinarily be subject to U.S. federal income tax on two types of income:

1. Income from sources within the U.S. which is effectively connected with the conduct of a trade or business within the U.S.—taxable at ordinary U.S. corporate income tax rates<sup>1</sup> after taking all appropriate business deductions related thereto; and
2. Income from sources within the U.S. which is not effectively connected with the conduct of a trade or business within the U.S. (e.g., interest, dividends, rents, royalties, and other fixed or determinable annual or periodical gains, profits, and income)—taxable on the gross amount thereof at a 30 percent withholding tax rate.

Except in certain cases, a foreign corporation would not be subject to tax by the U.S. on income from sources without the U.S. Similarly, a foreign corporation would not be taxed on capital gains not effectively connected with a U.S. business.