as respects the company tax for any chargeable accounting period beginning after the end of the calendar year in which the notice is given, and for the unexpired portion of any chargeable accounting period current at the end of that year; and

as respects any other taxes for any calendar year following that in which the notice is given.

In witness whereof the above-mentioned Plenipotentiaries have signed the present Convention and have affixed thereto their seals.

Done at London in duplicate, in the English and Netherlands languages, both texts being equally authentic, on the 15th day of October, 1948.

[L.S.] ERNEST BEVIN.

[L.S.] E. MICHIELS VAN VERDUYNEN.

EXPLANATORY NOTE

(This Note is not part of the Order, but is intended to indicate its general purport.)

Under the Convention with the Netherlands which is scheduled to this Order, certain classes of income derived from one country by a resident of the other country are (subject to certain conditions) exempt from tax in the former country; these classes are shipping and air transport profits, certain trading profits not arising through a "permanent establishment", patent and copyright royalties, interest (other than interest on mortgages on real property), pensions, purchased annuities and earnings of temporary business visitors. Government salaries and pensions are normally taxed by the paying Government only. Remuneration of visiting professors and teachers is exempt in the country visited.

Dividends are to be exempt from any tax which is additional to the tax charged on the profits represented by the dividend.

Where income continues to be taxable in both countries, credit is given by the country of the taxpayer's residence for the tax payable on that income in the country in which it arises.

Provision is included for the exchange of information between the taxation authorities of the two countries.

The Convention takes effect for the fiscal year 1948-49.

The Double Taxation Relief (Taxes on Income) (Netherlands Dividends) Regulations, 1950

1950 No. 1442

Made - - - - 26*th August*, 1950

Coming into Operation 1*st September*, 1950

The Commissioners of Inland Revenue in exercise of the powers conferred upon them by Section 53 of the Finance (No. 2) Act, 1945(**a**), hereby make the following Regulations:—

1. The Regulations may be cited as the Double Taxation Relief (Taxes on Income) (Netherlands Dividends) Regulations, 1950, and shall come into operation on the first day of September, 1950.

(**a**) 9 & 10 Geo. 6. c. 13.

2.—(1) In these Regulations, unless the context otherwise requires—

"Netherlands dividend" means a dividend paid by a company which is a resident of the Netherlands, as defined in the convention between His Majesty in respect of the United Kingdom and Her Majesty the Queen of the Netherlands which is scheduled to the Double Taxation Relief (Taxes on Income) (Netherlands) Order, 1950(**a**), or any part of such a dividend;

"gross amount", in relation to any Netherlands dividend, means the amount declared payable by the company paying the dividend, without any deduction in respect of United Kingdom income tax or Netherlands Coupon tax;

"The Commissioners" means the Commissioners of Inland Revenue;

other expressions have the same meaning as in the Income Tax Acts.

(2) The Interpretation Act, 1889(**b**), shall apply to these Regulations as it applies to an Act of Parliament.

3. Where United Kingdom income tax has been deducted from any Netherlands dividend, and it is subsequently proved to the satisfaction of the Commissioners that the person beneficially entitled to the dividend is not resident in the United Kingdom, the Commissioners shall withhold, on account of Netherlands tax, out of any repayment due to that person in respect of United Kingdom income tax so deducted, an amount equal to 15 per cent. of the gross amount of the dividend, and the Commissioners shall be acquitted and discharged of the amount so withheld as if it had been actually repaid to that person.

4. All amounts withheld by the Commissioners under Regulation 3 of these Regulations shall be paid to the taxation authorities of the Netherlands in accordance with such arrangements as may be made for the purpose between the Commissioners and those authorities.

By order of the Commissioners of Inland Revenue.

E. W. Verity,
Secretary.

26th August, 1950.

EXPLANATORY NOTE

(This Note is not part of the Regulations, but is intended to indicate their general purport.)

Under the double taxation convention between the United Kingdom and the Netherlands, residents of the United Kingdom who are subject to tax in the United Kingdom on dividends paid by a Netherlands company are not subject to the Netherlands dividend tax of 15 per cent.

The Regulations provide that where the Netherlands dividend tax was not deducted but United Kingdom tax was deducted, and repayment of the United Kingdom tax is subsequently claimed on the ground that the person entitled to the income was not resident in the United Kingdom, the Commissioners shall withhold from the repayment found to be due and pay to the Netherlands tax authorities an amount equal to the further 15 per cent. due in respect of Netherlands tax.

(**a**) S.I. 1950 No. 1196, p. 1044 above (**b**) 52 & 53 Vict. c. 63.