or after the 6th April in the calendar year in which the notice is given; and as respects profits tax, in respect of the following profits—

(i) profits arising in any chargeable accounting period beginning on or after the 1st April in the calendar year next following that in which the notice is given;

(ii) profits attributable to so much of any chargeable accounting period falling partly before and partly after that date as falls after that date;

(iii) profits not so arising or attributable by reference to which income tax is chargeable for any year of assessment beginning on or after the 6th April in that next following calendar year;

(*b*) In the Colony:

As respects income tax, for any year of assessment beginning on or after the first day of January in the calendar year next following that in which such notice is given.

EXPLANATORY NOTE

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

The Finance (No. 2) Act, 1945, provides for double taxation arrangements with other countries to be given statutory effect by Order in Council. Any such Order is required to be laid before the House of Commons in draft.

Under the Arrangement with Sarawak 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) to be 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, pensions other than Government pensions, purchased annuities and earnings of temporary business visitors. Government salaries are normally to be taxed by the paying Government only.

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, full credit is to be given by the country of the taxpayer's residence for the tax payable in the country of origin of the income.

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

The Arrangement is expressed to take effect for the fiscal year 1950-51.

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

1950 No. 1443

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. These Regulations may be cited as the Double Taxation Relief (Taxes on Income) (Swedish 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—

" Swedish dividend " means a dividend paid by a company which is a resident of Sweden, as defined in the Convention between His Majesty in respect of the United Kingdom and His Majesty the King of Sweden which is scheduled to the Double Taxation Relief (Taxes on Income) (Sweden) Order, 1949(**a**), or any part of such a dividend ;

" gross amount ", in relation to any Swedish dividend, means the amount declared payable by the company paying the dividend, without any deduction in respect of United Kingdom income tax or Swedish 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 Swedish coupon tax at the rate of 5 per cent. and United Kingdom income tax have been deducted from any Swedish 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 Swedish tax, out of any repayment due to that person in respect of the 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 Sweden 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 Sweden, residents of the United Kingdom who are subject to tax in the United Kingdom on dividends paid by a Swedish company are subject to Swedish coupon tax at the reduced rate of 5 per cent. and not at the normal rate of 20 per cent.

These Regulations provide that, where Swedish tax was deducted at the reduced rate of 5 per cent. and United Kingdom tax was also deducted but 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 over to the Swedish tax authorities an amount equal to the further 15 per cent. due in respect of Swedish tax.

(**a**) S.I. 1949 (No. 1841) I, p. 2316. (**b**) 52 & 53 Vict. c. 63.