STATUTORY INSTRUMENTS

1961 No. 619

INCOME TAX

The Double Taxation Relief (Taxes on Income) (Swedish Dividends) Regulations, 1961

Made - - - - 28*th March*, 1961
Coming into Operation 6*th April*, 1961

The Commissioners of Inland Revenue in exercise of the powers conferred upon them by Section 351 of the Income Tax Act, 1952(a), hereby make the following Regulations :—

1.—(1) These Regulations may be cited as the Double Taxation Relief (Taxes on Income) (Swedish Dividends) Regulations, 1961, and shall come into operation on the 6th day of April, 1961, but these Regulations shall not apply to any Swedish dividend payable before the first day of January, 1960.

(2) The Double Taxation Relief (Taxes on Income) (Swedish Dividends) Regulations, 1958(b), shall cease to have effect except in relation to any Swedish dividend, as therein defined, payable before the first day of January, 1960.

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 the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Sweden, which is scheduled to the Double Taxation Relief (Taxes on Income) (Sweden) Order, 1961(c), or any part of such a dividend ;

"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(d), shall apply to these Regulations as it applies to an Act of Parliament.

3. Where United Kingdom income tax but no Swedish coupon tax has 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 as far as may be withhold, on account of Swedish tax, out of any repayment due to that person in respect of the United Kingdom income tax so deducted the Swedish coupon tax that in the absence of any relief ought to have been deducted from 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.

(a) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 10. (b) S.I. 1958/365 (1958 I, p. 1272).
(c) S.I. 1961/577 (*See* p. 1265 of this Pt.). (d) 52 & 53 Vict. c. 63.

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. R. Brookes,
Secretary.

28th March, 1961.

EXPLANATORY NOTE

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

Under the revised double taxation convention between the United Kingdom and Sweden—which, as regards Swedish coupon tax, applies to dividends payable on or after 1st January, 1960,—residents of the United Kingdom who are subject to tax in the United Kingdom on dividends paid by a Swedish company are exempt from Swedish coupon tax. Under the old convention Swedish coupon tax in such cases was chargeable at a reduced rate of 5 per cent. instead of at the full rate generally in force.

The Double Taxation Relief (Taxes on Income) (Swedish Dividends) Regulations, 1958, (S.I. 1958/365), which, as regards dividends payable on or after 1st January, 1960, are superseded by these Regulations, provided that, where Swedish tax had been deducted at the reduced rate of 5 per cent. and United Kingdom tax had also been deducted but repayment of the United Kingdom tax was subsequently claimed on the ground that the person entitled to the income was not resident in the United Kingdom, the Commissioners were to withhold from the repayment found to be due and to pay over to the Swedish tax authorities an amount equal to Swedish coupon tax at the full rate less the 5 per cent. already deducted.

These new Regulations are necessary to give the Commissioners authority, when repaying to a non-resident tax deducted from a Swedish dividend from which no Swedish coupon tax has been deducted, to withhold from the repayment found to be due and hand over to the Swedish tax authorities an amount equal to Swedish coupon tax at the full rate.