1962 No. 1653

INCOME TAX

The Double Taxation Relief (Shipping and Air Transport Profits) (Portugal) Order, 1962

Laid before the House of Commons in draft
Made - - - - 30*th July*, 1962

At the Court at Buckingham Palace, the 30th day of July, 1962

Present,

The Queen's Most Excellent Majesty in Council

Whereas a draft of this Order was laid before the Commons House of Parliament in accordance with the provisions of subsection (6) of section three hundred and forty-seven of the Income Tax Act, 1952(a), and an Address has been presented to Her Majesty by that House praying that an Order may be made in the terms of this Order:

Now, therefore, Her Majesty, in exercise of the powers conferred upon Her by subsection (1) of the said section three hundred and forty-seven, as amended by subsection (2) of section seventy of the Finance Act, 1952 (b), and of all other powers enabling Her in that behalf, is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows:—

1. This Order may be cited as the Double Taxation Relief (Shipping and Air Transport Profits) (Portugal) Order, 1962.

2. It is hereby declared—

(*a*) that the arrangements specified in the Schedule to this Order have been made with the Government of Portugal with a view to affording relief from double taxation in relation to income tax, profits tax or excess profits levy and taxes of a similar character imposed by the laws of Portugal; and

(*b*) that it is expedient that those arrangements should have effect.

W. G. Agnew.

SCHEDULE

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM AND THE GOVERNMENT OF PORTUGAL FOR THE AVOIDANCE OF DOUBLE TAXATION ON INCOME DERIVED FROM SEA AND AIR TRANSPORT.

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Portuguese Republic,

(a) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 10. (b) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 33.

Desiring to conclude an Agreement for the avoidance of double taxation on income derived from sea and air transport,

Have agreed as follows:

ARTICLE I

(1) The Government of Portugal shall exempt from Portuguese tax all profits and income derived by United Kingdom undertakings from operating ships or aircraft, whether owned or chartered by the undertaking.

(2) The Government of the United Kingdom shall exempt from United Kingdom tax all profits and income derived by Portuguese undertakings from operating ships or aircraft, whether owned or chartered by the undertaking.

ARTICLE II

In this Agreement

(*a*) the expression "Portugal" means Continental Portugal and the Adjacent Islands;

(*b*) the expression "The United Kingdom" means Great Britain and Northern Ireland;

(*c*) the expression "Portuguese tax" means the industrial contribution, the complementary tax and all other taxes on profits and income which are or may become chargeable in Portugal;

(*d*) the expression "United Kingdom tax" means the income tax (including surtax), the profits tax, the excess profits levy and all other taxes on profits and income which are or may become chargeable in the United Kingdom;

(*e*) the expression "United Kingdom undertakings" means the Government of the United Kingdom, individuals resident in the United Kingdom and not resident in Portugal, and corporations and partnerships managed and controlled in the United Kingdom;

(*f*) the expression "Portuguese undertakings" means the Government of Portugal, individuals resident in Portugal and not resident in the United Kingdom, and corporations and partnerships managed and controlled in Portugal.

ARTICLE III

(1) This Agreement may be extended to any Portuguese Overseas Province or to any territory for whose international relations the Government of the United Kingdom are responsible, subject to such conditions (including conditions as to termination) as may be agreed between the Contracting Parties in Notes to be exchanged for this purpose.

(2) Pending any such extension of the Agreement to the Colony of Aden, the Portuguese Government shall not impose Portuguese tax on the profits of shipowners who are not resident in Portugal but are resident in Aden, so long as in Aden the profits of non-resident shipowners are exempted by law from any tax on profits or income imposed there provided that the country to which the non-resident shipowner belongs extends a similar exemption to shipowners who are not resident in that country but are resident in the United Kingdom or in Aden.

ARTICLE IV

(1) The present Agreement shall be ratified and the instruments of ratification shall be exchanged at Lisbon as soon as possible.

(2) Upon the exchange of instruments of ratification the present Agreement shall enter into force, and shall thereupon have effect as regards all profits and income earned as from the 1st April, 1952.

ARTICLE V

(1) This Agreement shall continue in force indefinitely but may be terminated by either Contracting Party by giving six months' notice in writing to the other Contracting Party.

(2) It may be separately terminated by either Contracting Party in respect of any territory to which it has been extended under Article III, by giving six months' notice in writing to the other Contracting Party, but its termination in respect of Portugal or the United Kingdom shall, at the same time, unless otherwise expressly agreed by both Contracting Parties, terminate its application to all of the above-mentioned territories.

In witness whereof the undersigned, duly authorised by their respective Governments, have signed the present Agreement.

Done in duplicate at Lisbon this 31st day of July, 1961, in English and Portuguese, both texts being equally authoritative.

FOR THE GOVERNMENT OF THE UNITED KINGDOM:	FOR THE GOVERNMENT OF PORTUGAL:
A. D. M. Ross	A. Franco Nogueira

EXPLANATORY NOTE

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

The arrangements with Portugal which are scheduled to this Order provide that shipping and air transport profits 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.

The arrangements include provisions under which they may be extended to any Portuguese Overseas Province or to any territory for whose international relations the Government of the United Kingdom is responsible; and pending any extension to the Colony of Aden provide that the Portuguese Government will not impose Portuguese tax (subject to certain conditions which ensure reciprocity) on profits of shipowners who are resident in Aden and not resident in Portugal.

The arrangements apply to profits earned on or after 1st April, 1952.