STATUTORY INSTRUMENTS

1965 No. 1537

INCOME TAX

The Double Taxation Relief (Taxes on Income) (Jamaica) Order 1965

Laid before the House of Commons in draft
Made - - - - 3rd August 1965

At the Court at Buckingham Palace, the 3rd day of August 1965

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 347 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 347 as amended by section 17 of the Finance Act 1961(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 (Taxes on Income) (Jamaica) Order 1965.

2. It is hereby declared—

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

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

W. G. Agnew.

SCHEDULE

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF JAMAICA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

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

Desiring to conclude an agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,

Have agreed as follows:

(a) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 10. (b) 9 & 10 Eliz. 2. c. 36.

ARTICLE I

(1) The taxes which are the subject of the present Agreement are:

(*a*) In the United Kingdom of Great Britain and Northern Ireland:

(i) the income tax (including surtax); and

(ii) the profits tax

(hereinafter referred to as " United Kingdom tax ");

(*b*) In Jamaica:

(i) the income tax (including surtax); and

(ii) the company profits tax

(hereinafter referred to as " Jamaican tax ").

(2) This Agreement shall also apply to any identical or substantially similar taxes which are subsequently imposed in addition to, or in place of, the existing taxes by either Government or by the Government of any territory to which the present Agreement is extended under Article XXII.

ARTICLE II

(1) In the present Agreement, unless the context otherwise requires—

(*a*) the term " United Kingdom " means Great Britain and Northern Ireland;

(*b*) the term " Jamaica " means the Island of Jamaica, the Morant Cays, the Pedro Cays and their Dependencies;

(*c*) the terms " one of the territories " and " the other territory " mean the United Kingdom or Jamaica as the context requires;

(*d*) the term " taxation authorities " means, in the case of the United Kingdom, the Commissioners of Inland Revenue or their authorised representative; in the case of Jamaica, the Commissioner of Income Tax or his authorised representative; and, in the case of any territory to which this Agreement is extended under Article XXII, the competent authority for the administration in such territory of the taxes to which this Agreement applies;

(*e*) the term " tax " means United Kingdom tax or Jamaican tax, as the context requires;

(*f*) the term " person " includes any body of persons, corporate or not corporate;

(*g*) the term " company " means any body corporate;

(*h*) (i) the terms " resident of the United Kingdom " and " resident of Jamaica " mean respectively any person who is resident in the United Kingdom for the purposes of United Kingdom tax and any person who is resident in Jamaica for the purposes of Jamaican tax, but

(ii) where by reason of the provisions of sub-paragraph (i) above an individual is a resident of both territories, then this case shall be solved in accordance with the following rules:

(*aa*) he shall be deemed to be a resident of the territory in which he has a permanent home available to him. If he has a permanent home available to him in both territories, he shall be deemed to be a resident of the territory with which his personal and economic relations are closest (hereinafter referred to as his " centre of vital interests ");

(*bb*) if the territory in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either territory, he shall be deemed to be a resident of the territory in which he has an habitual abode;

(*cc*) if he has an habitual abode in both territories or in neither of them, he shall be deemed to be a resident of the territory of which he is a national;

(*dd*) if he is a national of both territories or of neither of them, the taxation authorities of the territories shall determine the question by mutual agreement;

(iii) where by reason of the provisions of sub-paragraph (i) above a legal person is a resident of both territories, then it shall be deemed to be a resident of the territory in which its place of effective management is situated; the same provision shall apply to partnerships and associations which under the national laws by which they are governed are not legal persons;

(*i*) the terms " resident of one of the territories " and " resident of the other territory " mean a person who is a resident of the United Kingdom or a person who is a resident of Jamaica, as the context requires;

(*j*) the terms " United Kingdom enterprise " and " Jamaican enterprise " mean respectively an industrial or commercial enterprise or undertaking carried on by a resident of the United Kingdom and an industrial or commercial enterprise or undertaking carried on by a resident of Jamaica, and the terms " enterprise of one of the territories " and " enterprise of the other territory " mean a United Kingdom enterprise or a Jamaican enterprise, as the context requires;

(*k*) (i) the term " permanent establishment " means a fixed place of business in which the business of the enterprise is wholly or partly carried on;

(ii) a permanent establishment shall include especially:

(*aa*) a place of management;

(*bb*) a branch;

(*cc*) an office;

(*dd*) a factory;

(*ee*) a workshop;

(*ff*) a mine, quarry or other place of extraction of natural resources;

(*gg*) a building site or construction or assembly project which exists for more than twelve months;

(iii) the term " permanent establishment " shall not be deemed to include:

(*aa*) the use of facilities solely for the purpose of storage, display or delivery of goods or mercandise belonging to the enterprise;

(*bb*) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;

(*cc*) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;

(*dd*) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information for the enterprise;

(*ee*) the maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character, for the enterprise;

(iv) a person acting in one of the territories on behalf of an enterprise of the other territory—other than an agent of an independent status to whom sub-paragraph (v) applies—shall be deemed to be a permanent establishment in the first-mentioned territory if he has, and habitually exercises in that territory, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise;

(v) an enterprise of one of the territories shall not be deemed to have a permanent establishment in the other territory merely because it carries on business in that other territory through a broker, a general commission agent or any other agent of an independent status, where such persons are acting in the ordinary course of their business;

(vi) the fact that a company which is a resident of one of the territories controls or is controlled by a company which is a resident of the other territory, or which carries on business in that other territory (whether

through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other;

(*l*) the term " international traffic " includes traffic between places in one country in the course of a voyage which extends over more than one country.

(2) Where under this Agreement any income is exempt from tax in one of the territories if (with or without other conditions) it is subject to tax in the other territory and that income is subject to tax in that other territory by reference to the amount thereof which is remitted to or received in that other territory, the exemption or reduction of tax to be allowed under this Agreement in the first-mentioned territory shall apply only to the amount so remitted or received.

(3) In the application of the provisions of the present Agreement by one of the Contracting Governments any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Government relating to the taxes which are the subject of the present Agreement.

ARTICLE III

(1) The industrial or commercial profits of a United Kingdom enterprise shall not be subject to Jamaican tax unless the enterprise carries on a trade or business in Jamaica through a permanent establishment situated therein. If it carries on a trade or business as aforesaid, tax may be imposed on those profits by Jamaica, but only on so much of them as is attributable to that permanent establishment.

(2) The industrial or commercial profits of a Jamaican enterprise shall not be subject to United Kingdom tax unless the enterprise carries on a trade or business in the United Kingdom through a permanent establishment situated therein. If it carries on a trade or business as aforesaid, tax may be imposed on those profits by the United Kingdom, but only on so much of them as is attributable to that permanent establishment.

(3) Where an enterprise of one of the territories carries on a trade or business in the other territory through a permanent establishment situated therein, there shall be attributed to that permanent establishment the industrial or commercial profits which it might be expected to derive in that other territory if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing at arm's length with the enterprise of which it is a permanent establishment.

(4) In determining the industrial or commercial profits of a permanent establishment, there shall be allowed as deductions all expenses which would be deductible if the permanent establishment were an independent enterprise in so far as they are reasonably allocable to the permanent establishment, including executive and general administration expenses so deductible and allocable, whether incurred in the territory in which the permanent establishment is situated or elsewhere.

(5) No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

ARTICLE IV

Where

(*a*) an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or

(*b*) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the territories and an enterprise of the other territory,

and, in either case, conditions are made or imposed between the two enterprises, in their commercial or financial relations, which differ from those which would be made between independent enterprises, then any profits which would but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

ARTICLE V

Notwithstanding the provisions of Articles III and IV income from the operation of ships or aircraft in international traffic shall be taxable only in the territory in which the place of effective management of the enterprise is situated.

ARTICLE VI

(1) Dividends paid by a company resident in one of the territories to a resident of the other territory, who is subject to tax in that other territory in respect thereof and does not carry on a trade or business in the first-mentioned territory through a permanent establishment situated therein, shall be exempt from any tax in that first-mentioned territory which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company.

(2) Where a company which is a resident of one of the territories derives profits or income from sources within the other territory, the Government of that other territory shall not impose any form of taxation on dividends paid by the company to persons not resident in that other territory, or any tax in the nature of an undistributed profits tax on undistributed profits of the company, by reason of the fact that those dividends or undistributed profits represent, in whole or in part, profits or income so derived.

ARTICLE VII

(1) Where interest is derived from sources within one of the territories by a resident of the other territory who is subject to tax in that other territory in respect thereof, the rate of tax imposed thereon in the first-mentioned territory shall not exceed 12½ per cent.

(2) The provisions of paragraph (1) of this Article shall not apply where a resident of one of the territories has a permanent establishment in the other territory and such interest is attributable to that permanent establishment; in such event such interest as is attributable to that permanent establishment shall be treated as if it were industrial or commercial profits to which the provisions of Article III are applicable.

(3) In this Article, the term "interest" means income from Government securities, from bonds or debentures, whether or not secured by mortgage, or from any other form of indebtedness, as well as all other income assimilated to income from money lent by the taxation law of the territory in which the income arises.

(4) Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the interest paid, having regard to the indebtedness in respect of which it is paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the Contracting Governments' own laws, due regard being had to the other provisions of the present Agreement.

ARTICLE VIII

(1) Any royalty derived from sources within one of the territories by a resident of the other territory who is subject to tax in that other territory in respect thereof shall be exempt from tax in that first-mentioned territory.

(2) In this Article, the term "royalty" means any royalty or other amount paid as consideration for the use of, or for the privilege of using, any copyright, patent, design, secret process or formula, trade-mark, or other like property, and includes any rental or like payment in respect of cinematograph or television films, but does not include any royalty or other amount paid in respect of the operation of a mine or quarry or of any other extraction of natural resources.

(3) The provisions of paragraph (1) of this Article shall not apply where a resident of one of the territories has a permanent establishment in the other territory and the royalty is attributable to that permanent establishment; in such event the

royalty shall be treated as if it were industrial or commercial profits to which the provisions of Article III are applicable.

(4) Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the royalty, having regard to the use, right or property for which it is paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of the preceding paragraphs of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the Contracting Governments' own laws, due regard being had to the other provisions of the present Agreement.

(5) Any capital sum derived from sources within one of the territories from the sale of patent rights by a resident of the other territory, who does not carry on a trade or business in the first-mentioned territory through a permanent establishment situated therein, shall be exempt from tax in that first-mentioned territory.

ARTICLE IX

(1) Income from immovable property may be taxed in the territory in which such property is situated.

(2) The term " immovable property " shall be defined in accordance with the laws of the territory in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment of agricultural and forestry enterprises, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of mineral deposits, sources and other natural resources; ships, boats and aircraft shall not be regarded as immovable property.

(3) The provisions of paragraphs (1) and (2) of this Article shall apply to income derived from the direct use or from the letting of immovable property or the use in any other form of such property, including income from agricultural or forestry enterprises. They shall likewise apply to profits from the alienation of immovable property.

(4) The provisions of paragraphs (1) to (3) of this Article shall also apply to the income from immovable property of any enterprises other than agricultural or forestry enterprises and to income from immovable property used for the performance of professional services.

ARTICLE X

(1) Remuneration, including pensions, paid by one of the Contracting Governments to any individual in respect of services rendered to that Government in the discharge of governmental functions shall be exempt from tax in the territory of the other Contracting Government, if the individual is not ordinarily resident in that other territory or (where the remuneration is not a pension) is ordinarily resident in that other territory solely for the purpose of rendering those services.

(2) The provisions of this Article shall not apply to payments in respect of services rendered in connexion with any trade or business carried on by either of the Contracting Governments for purposes of profit.

ARTICLE XI

(1) Any pension (other than a pension of the kind referred to in paragraph (1) of Article X) and any annuity, derived from sources within Jamaica by an individual who is a resident of the United Kingdom and subject to United Kingdom tax in respect thereof, shall be exempt from Jamaican tax.

(2) Any pension (other than a pension of the kind referred to in paragraph (1) of Article X) and any annuity, derived from sources within the United Kingdom by an individual who is a resident of Jamaica and subject to Jamaican tax in respect thereof, shall be exempt from United Kingdom tax.

(3) The term " annuity " means a stated sum payable periodically at stated times, during life or during a specified or ascertainable period of time, under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

ARTICLE XII

Income derived by a resident of one of the territories in respect of professional services or other independent activities of a similar character shall be subjected to tax only in that territory unless he has a fixed base regularly available to him in the other territory for the purpose of performing his activities. If he has such a fixed base, such part of that income as is attributable to that base may be taxed in that other territory.

ARTICLE XIII

(1) Subject to the provisions of Articles X, XI and XV, salaries, wages and other similar remuneration derived by a resident of one of the territories in respect of an employment shall be subjected to tax only in that territory unless the employment is exercised in the other territory. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other territory.

(2) Notwithstanding the provisions of paragraph (1) of this Article, remuneration derived by a resident of one of the territories in respect of an employment exercised in the other territory shall be subjected to tax only in the first-mentioned territory if:

(*a*) the recipient is present in the other territory for a period or periods not exceeding in the aggregate 183 days in the fiscal year concerned, and

(*b*) the remuneration is paid by or on behalf of an employer who is not a resident of the other territory, and

(*c*) the remuneration is not deducted from the profits of a permanent establishment or a fixed base which the employer has in the other territory.

(3) In relation to remuneration of a director of a company derived from the company the preceding provisions of this Article shall apply as if the remuneration were remuneration of an employee in respect of an employment, and as if references to employers were references to the company.

(4) Notwithstanding the preceding provisions of this Article remuneration for personal services performed aboard a ship or aircraft in international traffic may be taxed in the territory in which the place of effective management of the enterprise is situated.

ARTICLE XIV

Notwithstanding anything contained in this Agreement, income derived by public entertainers, such as theatre, motion picture, radio or television artistes, and musicians, and by athletes, from their personal activities as such may be taxed in the territory in which these activities are exercised.

ARTICLE XV

A professor or teacher from one of the territories, who receives remuneration for teaching, during a period of temporary residence not exceeding two years, at a university, college, school, or other educational institution in the other territory, shall be exempt from tax in that other territory in respect of that remuneration.

ARTICLE XVI

Payments which a student or business apprentice from one of the territories who is present in the other territory solely for the purpose of his education or training receives for the purpose of his maintenance, education, or training, shall not be taxed in that other territory, provided that such payments are made to him from sources outside that other territory.

ARTICLE XVII

Any income not dealt with in the foregoing provisions derived by a resident of one of the territories who is subject to tax there in respect thereof shall be subjected to tax only in that territory.

ARTICLE XVIII

(1) Subject to the provisions of the law of the United Kingdom regarding the allowance as a credit against United Kingdom tax of tax payable in a territory outside the United Kingdom, Jamaican tax payable, whether directly or by deduction, in respect of income from sources within Jamaica shall be allowed as a credit against any United Kingdom tax payable in respect of that income. Where such income is an ordinary dividend paid by a company which is a resident of Jamaica the credit shall take into account (in addition to any Jamaican tax appropriate to the dividend) the Jamaican tax payable by the company in respect of its profits; and, where it is a dividend paid on participating preference shares and representing both a dividend at the fixed rate to which the shares are entitled and an additional participation in profits, the Jamaican tax so payable by the company shall likewise be taken into account in so far as the dividend exceeds that fixed rate.

(2) For the purposes of paragraph (1) of this Article, the term "Jamaican tax payable" shall be deemed to include any amount which would have been payable as Jamaican tax for any year but for an exemption or reduction of tax granted for that year or any part thereof under—

(*a*) any of the following provisions, that is to say:—

Section 28B of the Income Tax Law, 1954;

Section 10 (4) of the Motion Picture Industry (Encouragement) Law, as amended;

Section 8 (5) of the Pioneer Industries (Encouragement) Law, as amended;

Section 6 (3) of the Saint Andrew Mines (Encouragement) Law;

Section 8 (5) of the Textile Industry (Encouragement) Law, as amended;

Part II of the Industrial Incentives Law, 1956:

Section 10 or 11 of The Export Industry Encouragement Law, 1956, as amended;

Section 10 (1) (*a*) of the Petroleum Refining Industry (Encouragement) Law, 1961;

so far as they were in force on, and have not been modified since, the date of signature of this Agreement, or have been modified only in minor respects so as not to affect their general character; or

(*b*) any other provision which may subsequently be made granting an exemption which is agreed by the taxation authorities of the Contracting Governments to be of a substantially similar character, if it has not been modified thereafter or has been modified only in minor respects so as not to affect its general character.

Provided that where the relief is a relief accorded by The Export Industry Encouragement Law, 1956, it shall be taken into account for the purposes of this paragraph only in so far as it is effected by Section 8 (5) of the Pioneer Industries (Encouragement) Law, as amended, or Part II of the Industrial Incentives Law, 1956, as amended, and if, and only if, the company qualifying for the relief could have been declared to be a company either (i) which was engaging in a pioneer industry under the provisions of Section 3 of the Pioneer Industries (Encouragement) Law, as amended, or (ii) which was an approved enterprise under the provisions of Section 4 of the Industrial Incentives Law, 1956, as amended.

(3) Subject to the provisions of the law of Jamaica regarding the allowance as a credit against Jamaican tax of tax payable in a territory outside Jamaica, United Kingdom tax payable, whether directly or by deduction, in respect of income from sources within the United Kingdom shall be allowed as a credit against any Jamaican tax payable in respect of that income. If Jamaican tax is payable in respect of any such income which consists of an ordinary dividend paid by a company resident in

the United Kingdom the credit shall take into account (in addition to any United Kingdom income tax appropriate to the dividend) the United Kingdom profits tax payable by the company in respect of its profits and in the case of a dividend paid on participating preference shares and representing both a dividend at the fixed rate to which the shares are entitled and an additional participation in profits, the profits tax so payable by the company shall likewise be taken into account in so far as the dividend exceeds that fixed rate.

(4) For the purposes of this Article, profits or remuneration for personal (including professional) services performed in one of the territories shall be deemed to be income from sources within that territory, and the services of an individual whose services are wholly or mainly performed in ships or aircraft operated by a resident of one of the territories shall be deemed to be performed in that territory.

ARTICLE XIX

The taxation authorities of the Contracting Governments shall exchange such information (being information which is at their disposal under their respective taxation laws in the normal course of administration) as is necessary for carrying out the provisions of the present Agreement or for the prevention of fraud or for the administration of statutory provisions against legal avoidance in relation to the taxes which are the subject of the present Agreement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than those concerned with the assessment and collection of the taxes which are the subject of the present Agreement. No information as aforesaid shall be exchanged which would disclose any trade, business, industrial or professional secret or trade process.

ARTICLE XX

The taxation authorities of the Contracting Governments may communicate with each other directly for the purpose of giving effect to the provisions of this Agreement and for resolving any difficulty or doubt as to the application or interpretation of the Agreement.

ARTICLE XXI

(1) The residents of one of the territories shall not be subjected in the other territory to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which the residents of the latter territory in the same circumstances are or may be subjected.

(2) The taxation on a permanent establishment which an enterprise of one of the territories has in the other territory shall not be less favourably levied in that other territory than the taxation levied on enterprises of that other territory carrying on the same activities.

(3) Enterprises of one of the territories, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other territory, shall not be subjected in the first-mentioned territory to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of that first-mentioned territory are or may be subjected.

(4) In this Article the term " taxation " means taxes of every kind and description.

(5) Nothing contained in this Article shall be construed as obliging either of the Contracting Governments to grant to persons not resident in its territory those personal allowances and reliefs for tax purposes which are by law available only to persons who are so resident.

ARTICLE XXII

(1) This Agreement may be extended, either in its entirety or with modifications, to any territory for whose international relations the United Kingdom is respon-

sible, and which imposes taxes substantially similar in character to those which are the subject of this Agreement, and any such extension shall take effect from such date and subject to such modifications and conditions (including conditions as to termination) as may be specified and agreed between the Contracting Governments in Notes to be exchanged for this purpose.

(2) The termination in respect of the United Kingdom or Jamaica of this Agreement under Article XXIV shall, unless otherwise expressly agreed by both Contracting Governments, terminate the application of this Agreement to any territory to which the Agreement has been extended under this Article.

ARTICLE XXIII

(1) The present Agreement shall come into force on the date when the last of all such things shall have been done in the United Kingdom and Jamaica as are necessary to give the Agreement the force of law in the United Kingdom and Jamaica respectively, and shall thereupon have effect—

(*a*) In the United Kingdom:

(i) as respects income tax, for any year of assessment beginning on or after 6th April, 1964;

(ii) as respects surtax, for any year of assessment beginning on or after 6th April, 1963; and

(iii) as respects profits tax, for any chargeable accounting period beginning on or after 1st January, 1964 and for the unexpired portion of any chargeable accounting period current at that date.

(*b*) In Jamaica:

as respects income tax and company profits tax for any year of assessment beginning on or after 1st January, 1964.

(2) The Arrangement which was made in 1949(a) between the Government of Jamaica and the Government of the United Kingdom of Great Britain and Northern Ireland, shall terminate and cease to be effective as respects taxes to which the present Agreement in accordance with paragraph (1) above applies.

ARTICLE XXIV

(1) The present Agreement shall continue in effect indefinitely but either of the Contracting Governments may, on or before the thirtieth day of June in any calendar year after the year 1964, give notice of termination to the other Contracting Government and, in such event, the present Agreement shall cease to be effective—

(*a*) In the United Kingdom:

(i) as respects income tax, for any year of assessment beginning on or after 6th April in the calendar year next following that in which the notice is given;

(ii) as respects surtax, for any year of assessment beginning on or after 6th April in the calendar year in which the notice is given; and

(iii) as respects profits tax, for any chargeable accounting period beginning on or after 1st January in the calendar year next following that in which the notice is given and for any unexpired portion of any chargeable accounting period current at that date;

(*b*) In Jamaica:

as respects income tax and company profits tax for any year of assessment beginning on or after 1st January in the calendar year next following that in which such notice is given.

(2) The termination of the present Agreement shall not have the effect of reviving any agreement or arrangement abrogated by the present Agreement.

(a) S.I. 1949/362 (1949 I, p. 2282).

IN WITNESS whereof the undersigned, duly authorised thereto, have signed the present Agreement.

Done in duplicate at London, this second day of April one thousand nine hundred and sixty-five A.D.

For the Government of the United Kingdom: ARTHUR BOTTOMLEY

For the Government of Jamaica: H. LINDO

EXPLANATORY NOTE

(This Note is not part of the Order.)

The Agreement with Jamaica scheduled to this Order supersedes the Agreement which was made in 1949.

Many provisions of the earlier Agreement have been retained, some of them in modified form. Shipping and air transport profits, certain trading profits not arising through a permanent establishment, dividends, royalties, pensions other than Government pensions, purchased annuities and earnings of temporary business visitors are (subject to certain conditions) to continue to be taxed only in the country of the taxpayer's residence. Government salaries and pensions are to continue to be taxed in general by the paying Government only. Remuneration of visiting professors and teachers and payments made for the maintenance of visiting students are to continue (subject to certain conditions) to be exempt in the country visited. Provision is included, as before, for the exchange of information between the taxation authorities of the two countries.

Where income continues to be taxable in both countries the Agreement retains the provision in the earlier Agreement whereby credit is given by the country of the taxpayer's residence for the tax payable in the country of origin of the income.

The new Agreement contains several provisions not found in its predecessor. The most significant of these are the provision limiting to 12½ per cent. the rate of tax that may be imposed by the country of source upon certain interest payments going to a resident of the other country and the provision designed to prevent the frustration of certain tax reliefs granted in Jamaica in order to encourage development there. Under the latter provision credit is, to the extent specified, to be given against United Kingdom tax for tax which would have been chargeable in Jamaica but for the reliefs specified in the Agreement.

The Agreement provides that in the event of these reliefs having been modified after the date of signature of the Agreement, but only in minor respects so as not to affect their general character, the recognition of the reliefs for credit purposes will continue to apply. Credit is also to be given for tax spared under any exemption granted after the date of signature of the Agreement if it is agreed by the taxation authorities of the two countries that it is " of a substantially similar character " (and, in the event of any such exemption having been subsequently modified, if it has been modified only in minor respects so as not to affect the general character).

The new Agreement is to take effect for the fiscal year 1964/65.