STATUTORY INSTRUMENTS

1967 No. 1063

INCOME TAX

The Double Taxation Relief (Taxes on Income) (Netherlands Dividends) Regulations 1967

Made - - -	18*th July* 1967
Coming into Operation	24*th July* 1967

The Commissioners of Inland Revenue, in exercise of the powers conferred upon them by section 351 of the Income Tax Act 1952(a) (as amended by section 34 of the Finance Act 1966(b)), hereby make the following Regulations:—

1. These Regulations may be cited as the Double Taxation Relief (Taxes on Income) (Netherlands Dividends) Regulations 1967 and shall come into operation on the 24th day of July 1967.

2. The Double Taxation Relief (Taxes on Income) (Netherlands Dividends) Regulations 1950(c) shall cease to have effect except in relation to any Netherlands dividend payable before the 24th day of July 1967.

3.—(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 late Majesty King George the Sixth 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(d), 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(e) shall apply to these Regulations as it applies to an Act of Parliament.

4. 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 as far as may be withhold on account of Netherlands tax, out of any repayment due to that person in respect of the United Kingdom tax so deducted, an amount equivalent to the Netherlands tax which in the absence of any relief ought to have been deducted from the dividend but was not so deducted, 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) 1966 c. 18. (c) S.I. 1950/1442 (1950 I, p. 1053).
(d) S.I. 1950/1196 (1950 I, p. 1044). (e) 52 & 53 Vict. c. 63.

5. All amounts withheld by the Commissioners under Regulation 4 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.

W. H. B. Johnson,

Secretary.

18th July 1967.

EXPLANATORY NOTE

(This Note is not part of the Regulations.)

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.

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 Netherlands dividend tax.

The Regulations supersede as regards dividends payable on or after 24th July 1967 the Double Taxation Relief (Taxes on Income) (Netherlands Dividends) Regulations 1950 (S.I. 1950/1442). These Regulations provided for the withholding and payment to the Netherlands tax authorities of Netherlands dividend tax at the rate of 15 per cent and the new Regulations are necessary because from the 1st January 1966 the rate of Netherlands dividend tax was increased from 15 per cent to 25 per cent.