STATUTORY INSTRUMENTS

1968 No. 1105

INCOME TAX

The Double Taxation Relief (Taxes on Income) (Sweden) Order 1968

Laid before the House of Commons in draft

Made - - - 12*th July* 1968

At the Court at Buckingham Palace, the 12th day of July 1968

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 64 of the Finance Act 1965(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) (Sweden) Order 1968.

2. It is hereby declared—

(*a*) that the arrangements specified in the Protocol set out in the Schedule to this Order have been made with the Government of the Kingdom of Sweden with a view to affording relief from double taxation in relation to income tax or corporation tax and taxes of a similar character imposed by the laws of Sweden varying the arrangements set out in the Schedule to the Double Taxation Relief (Taxes on Income) (Sweden) Order 1961(c); and

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

W. G. Agnew.

(a) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 10. (b) 1965 c. 25.
(c) S.I. 1961/577 (1961 I, p. 1265).

SCHEDULE

PROTOCOL AMENDING THE CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE KINGDOM OF SWEDEN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME SIGNED AT LONDON ON THE 28th JULY, 1960

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Sweden;

Desiring to conclude a Protocol to amend the Convention between the Contracting Parties for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed at London on the 28th July, 1960 (hereinafter referred to as " the Convention ");

Have agreed as follows:

ARTICLE I

(1) The proviso to paragraph (1) of Article XXIII of the Convention (which proviso begins with the words " Where such income is an ordinary dividend " and ends with the words " the dividend exceeds that fixed rate ") shall be deleted and the following substituted;

" Where such income is a dividend paid by a company which is a resident of Sweden to a company resident in the United Kingdom which controls directly or indirectly not less than one-tenth of the voting power in the former company, the credit shall take into account (in addition to any Swedish tax payable in respect of the dividend) the Swedish tax payable by that former company in respect of its profits."

(2) The proviso to paragraph (2) of Article XXIII of the Convention (which proviso begins with the words " provided that where such income is a dividend " and ends with the words " the dividend so charged ") shall be deleted and the following substituted:

" provided that in the case of a dividend paid by a company which is a resident of the United Kingdom to a resident of Sweden, not being a company which is exempt from Swedish tax according to the provisions of paragraph (2) of Article VII, tax may be imposed on the dividend by Sweden."

ARTICLE II

(1) This Protocol shall be ratified and the instruments of ratification shall be exchanged at Stockholm as soon as possible.

(2) This Protocol shall enter into force after the expiration of a month following the date on which the instruments of ratification are exchanged(**a**) and shall thereupon have effect:

(**a**) Instruments of ratification were exchanged on 20th June 1968.

(*a*) in the United Kingdom in relation only to dividends due and payable on or after 6th April, 1966 or on or after the date of entry into force of this Protocol (whichever is the later); and

(*b*) in Sweden in relation only to dividends due and payable on or after 6th April, 1966.

(3) This Protocol shall in relation to such dividends be regarded as an integral part of the Convention.

In witness whereof the undersigned, duly authorised thereto, have signed this Protocol.

Done in duplicate at London this 25th day of March, 1966, in the English and Swedish languages, both texts being equally authoritative.

For the Government of the United Kingdom of Great Britain and Northern Ireland:

WALSTON

For the Government of the Kingdom of Sweden:

GUNNAR HÄGGLÖF

EXPLANATORY NOTE

(This Note is not part of the Order.)

Paragraph (1) of Article XXIII of the Convention between the United Kingdom and Sweden which is scheduled to the Double Taxation Relief (Taxes on Income) (Sweden) Order 1961 provides that where an ordinary dividend is received from a Swedish company by a United Kingdom resident, credit is to be given for the Swedish tax borne by the company on the profits out of which it is paid. The Protocol provides that credit for the Swedish tax on the profits out of which the dividend is paid shall in future be given only where the dividend is received by a United Kingdom company which controls not less than one-tenth of the voting power in the Swedish company paying the dividend.

The proviso to paragraph (2) of Article XXIII of the Convention (which in general exempts from Swedish tax income taxed in the United Kingdom) permits, in certain cases, the taxation in Sweden of dividends from United Kingdom companies, but sets limits on the amount of tax that may be charged. The Protocol removes these limits.

The Protocol is expressed to take effect in the United Kingdom in relation to dividends due and payable on or after 6th April 1966 or on or after the entry into force of this Protocol, whichever is the later.