1968 No. 307

INCOME TAX

The Double Taxation Relief (Taxes on Income) (Faroe Islands) Order 1968

Laid before the House of Commons in draft

Made - - - - 4th March 1968

At the Court at Buckingham Palace, the 4th day of March 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 section 347(6) 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 section 347(1) of the said Income Tax Act 1952, 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) (Faroe Islands) Order 1968.

2. It is hereby declared—

(*a*) that the arrangements (varying the arrangements set out in the Schedule to the Double Taxation Relief (Taxes on Income) (Denmark) Order 1950(c) as extended to the Faroe Islands by the arrangements set out in the Schedule to the Double Taxation Relief (Taxes on Income) (Faroe Islands) Order 1961(d)) specified in the Schedule to this Order for the extension to the Faroe Islands of the arrangements set out in the Schedule to the Double Taxation Relief (Taxes on Income) (Denmark) Order 1967(e), have been made with the Government of the Kingdom of Denmark on behalf of the Government of the Faroe Islands with a 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 the Faroe Islands ; and

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

W. G. Agnew.

(a) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 10.
(b) 1965 c. 25.
(c) S.I. 1950/1195 (1950 I, p. 1019).
(d) S.I. 1961/579 (1961 I, p. 1284).
(e) S.I. 1967/163 (1967 I, p. 274).

SCHEDULE

1. The provisions of the Protocol signed at London on 7th July 1966 amending Article XVII of the Convention between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed at London on 27th March 1950 shall also apply to the Convention as extended to the Faroe Islands in accordance with Notes which were exchanged between the Contracting Parties on 31st October 1960 as if in the said Protocol any reference to "Denmark" were a reference to "the Faroe Islands" and any reference to "Danish tax" were a reference to "Faroese tax".

2. The Government of the United Kingdom shall inform the Government of Denmark in writing when the last of the measures necessary to give this modification the force of law in the United Kingdom shall have been taken. The extension of the Protocol hereby effected shall enter into force thirty days from the date on which the last of those measures have been taken. It shall thereupon have effect in relation only to dividends payable on or after the date of its entry into force and, in relation to such dividends, shall be regarded as an integral part of the Convention as extended.

EXPLANATORY NOTE

(This Note is not part of the Order.)

The Convention between the United Kingdom and Denmark which is scheduled to the Double Taxation Relief (Taxes on Income) (Denmark) Order 1950 (S.I. 1950/1195) is extended to the Faroe Islands by the Double Taxation Relief (Taxes on Income) (Faroe Islands) Order 1961 (S.I. 1961/579).

Article XVII of the Convention has been modified by the Protocol between the United Kingdom and Denmark which is scheduled to the Double Taxation Relief (Taxes on Income) (Denmark) Order 1967 (S.I. 1967/163) and this present Order gives effect, in accordance with an exchange of Notes between the Contracting Parties on 13th July and 24th October 1967, to a similar modification in the extension to the Faroe Islands.

Paragraph (2) of Article XVII of the Convention as extended to the Faroe Islands provides that where an ordinary dividend is received from a Faroese company by a United Kingdom resident, credit is to be given for the Faroese tax borne by the company on the profits out of which it is paid. This Order secures that credit for Faroese tax on the profits out of which the dividend is paid shall in future be given only when the dividend is received by a United Kingdom company which controls not less than one-quarter of the voting power in the Faroese company paying the dividend.