STATUTORY INSTRUMENTS

1975 No. 2189

INCOME TAX

The Double Taxation Relief (Air Transport Undertakings and their Employees) (Hungary) Order 1975

Laid before the House of Commons in draft

Made - - - - 19*th December* 1975

At the Court at Buckingham Palace, the 19th day of December 1975

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 497(8) of the Income and Corporation Taxes Act 1970(**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 497 of the said Income and Corporation Taxes Act 1970, and section 39 of the Finance Act 1965(**b**), as amended, 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 (Air Transport Undertakings and their Employees) (Hungary) Order 1975.

2. It is hereby declared—

(*a*) that the arrangements specified in the Schedule to this Order have been made with the Government of the Hungarian People's Republic with a view to affording relief from double taxation in relation to income tax, corporation tax, or capital gains tax and taxes of a similar character imposed by the laws of Hungary; and

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

N. E. Leigh.

(**a**) 1970 c. 10. (**b**) 1965 c. 25.

SCHEDULE

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE HUNGARIAN PEOPLE'S REPUBLIC FOR THE AVOIDANCE OF DOUBLE TAXATION OF AIR TRANSPORT UNDERTAKINGS AND THEIR EMPLOYEES

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Hungarian People's Republic (hereinafter referred to as the "Contracting Parties");

Desiring to conclude an Agreement for the avoidance of double taxation in respect of the profits of air transport undertakings and the remuneration of their officers and employees;

Have agreed as follows:

ARTICLE 1

In this Agreement the terms "one of the Contracting States" and "the other Contracting State" mean the United Kingdom of Great Britain and Northern Ireland or the Hungarian People's Republic as the context requires.

ARTICLE 2

All profits, income and capital gains derived by an air transport undertaking of one of the Contracting States from the provision and sale of air transport and from associated activities shall be exempt in the other Contracting State from all the taxes of that State which are or may become chargeable on profits, income and capital gains.

ARTICLE 3

(1) Salaries, wages and other remuneration earned by a Hungarian national in respect of services rendered to a Hungarian air transport undertaking as an officer or employee posted to the United Kingdom of Great Britain and Northern Ireland shall be exempt in the United Kingdom from income tax and from any other tax which is or may become chargeable on income.

(2) Salaries, wages and other remuneration earned by a British national in respect of services rendered to a United Kingdom air transport undertaking as an officer or employee posted to the Hungarian People's Republic shall be exempt in the Hungarian People's Republic from income tax and from any other tax which is or may become chargeable on income.

ARTICLE 4

Each of the Contracting Parties shall notify the other in writing through the diplomatic channel of the completion of the procedures required by its law to bring this Agreement into force. The Agreement shall enter into force on the date of the later of these notifications and shall thereupon have effect as regards profits, income or capital gains arising on or after 1 April 1975.

ARTICLE 5

This Agreement shall continue in effect indefinitely but either Contracting Party may, on or before 30 June in any calendar year after the year 1979, give notice of termination to the other Contracting Party and in such event the present Agreement shall cease to be effective as regards profits, income and capital gains arising on or after 1 January of the calendar year next following that in which the notice is given.

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

Done in duplicate at Budapest this 5th day of June 1975, in the English and Hungarian languages, both texts being equally authoritative.

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

John Wilson

For the Government of the Hungarian People's Republic:

Vincze Imre

EXPLANATORY NOTE

(This Note is not part of the Order.)

Under the arrangements with Hungary scheduled to this Order the profits, income and capital gains of an air transport undertaking of one country are exempt from tax in the other country; and remuneration derived by a national of one country from employment with an air transport undertaking of that country is exempt from tax in the other country.

The arrangements are expressed to take effect as regards profits, income or capital gains arising on or after 1st April 1975.

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