# 1954 No. 487

# The Double Taxation Relief (Taxes on Income) (Belgium) Order, 1954

*Made - - - - 13th April, 1954*

At the Court of Saint James, the 13th day of April, 1954

Present,

**Her Majesty Queen Elizabeth The Queen Mother.**
**Her Royal Highness The Princess Margaret.**

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| **Lord President** | **Mr. Secretary Lyttelton** |
| **Marquess of Reading** | **Major Lloyd George** |
| **Earl De La Warr** | **Mr. Peake** |

Whereas Her Majesty, in pursuance of the Regency Acts, 1937 to 1953, was pleased, by Letters Patent dated the twentieth day of November, 1953, to delegate to Her Majesty Queen Elizabeth The Queen Mother, Her Royal Highness The Princess Margaret, His Royal Highness The Duke of Gloucester, Her Royal Highness The Princess Royal and the Earl of Harewood, or any two or more of them, as Counsellors of State, full power and authority during the period of Her Majesty's absence from the United Kingdom to summon and hold on Her Majesty's behalf Her Privy Council and to signify thereat Her Majesty's approval of anything for which Her Majesty's approval in Council is required:

And Whereas it is provided by subsection (1) of section three hundred and forty-seven of the Income Tax Act, 1952(a), as amended by subsection (2) of section seventy of the Finance Act, 1952(b), that if Her Majesty by Order in Council declares that arrangements specified in the Order have been made with the Government of any territory outside the United Kingdom with a view to affording relief from double taxation in relation to income tax, profits tax or excess profits levy and any taxes of a similar character imposed by the laws of that territory, and that it is expedient that those arrangements should have effect, the arrangements shall have effect to the extent specified in that subsection as so amended:

And Whereas under certain other provisions of Part XIII of the Income Tax Act, 1952, certain other consequences ensue on the making of any such Order:

And Whereas a draft of this Order was laid before the Commons House of Parliament in accordance with the provisions of subsection (6) of section three hundred and forty-seven of the said Act 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 Queen Elizabeth The Queen Mother and Her Royal Highness The Princess Margaret, being authorised thereto by the said

(a) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 10. (b) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 33.

Letters Patent, and in pursuance of the powers conferred by subsection (1) of the said section three hundred and forty-seven and of all other powers in that behalf, do hereby, by and with the advice of Her Majesty's Privy Council, on Her Majesty's behalf order, and it is hereby ordered, as follows:—

**1.** This Order may be cited as the Double Taxation Relief (Taxes on Income) (Belgium) Order, 1954.

**2.** It is hereby declared—

(*a*) that the arrangements specified in the Convention set out in the Schedule to this Order have been made with His Majesty the King of the Belgians with a view to affording relief from double taxation in relation to income tax, profits tax or excess profits levy and taxes of a similar character imposed by the laws of Belgium; and

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

*W. G. Agnew.*

## SCHEDULE

### Convention between Her Britannic Majesty in respect of the United Kingdom of Great Britain and Northern Ireland and His Majesty the King of the Belgians for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income

Her Majesty The Queen of Great Britain, Ireland and the British Dominions beyond the Seas and His Majesty the King of the Belgians,

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

Have appointed for that purpose as their Plenipotentiaries:

Her Majesty The Queen of Great Britain, Ireland and the British Dominions beyond the Seas:

For the United Kingdom of Great Britain and Northern Ireland:

The Right Honourable Anthony Eden, M.C., M.P., Her Majesty's Principal Secretary of State for Foreign Affairs;

His Majesty the King of the Belgians:

The Vicomte Obert de Thieusies, Ambassador Extraordinary and Plenipotentiary of His Majesty the King of the Belgians in London;

Who, having exhibited their respective full powers, found in good and due form, have agreed as follows:—

### Article I

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

(*a*) In the United Kingdom of Great Britain and Northern Ireland:
The income tax (including surtax), the profits tax and the excess profits levy (hereinafter referred to as "United Kingdom tax"):

(*b*) In Belgium:

The property tax (*contribution foncière*), the movable capital tax (*taxe mobilière*), the business tax (*taxe professionnelle*), the national crisis contribution (*contribution nationale de crise*), the excess profits tax (*surtaxe sur la partie exceptionelle de certains revenus*) and the complementary personal tax (*impôt complémentaire personnel*) (hereinafter referred to as "Belgian tax").

(2) The present Convention shall also apply to any other taxes of a substantially similar character imposed by either High Contracting Party subsequently to the date of signature of the Convention.

ARTICLE II

(1) In the present Convention, unless the context otherwise requires:

(*a*) The term "United Kingdom" means Great Britain and Northern Ireland, excluding the Channel Islands and the Isle of Man;

(*b*) The term "Belgium" means the Kingdom of Belgium in Europe;

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

(*d*) The term 'tax" means United Kingdom tax or Belgian tax, as the context requires;

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

(*f*) The term "company" means any body corporate;

(*g*) The term "resident of the United Kingdom" means any person who is resident in the United Kingdom for the purposes of United Kingdom tax and who is not considered, for the purposes of Belgian tax, as having his fiscal domicile or as having a house available for his use in Belgium; and the term "resident of Belgium" means any person who is considered, for the purposes of Belgian tax, as having his fiscal domicile or as having a house available for his use in Belgium and who is not resident in the United Kingdom for the purposes of United Kingdom tax; in the case of companies the term "resident in the United Kingdom" means a company the business of which is managed and controlled in the United Kingdom and the term "having its fiscal domicile in Belgium" means a company the business of which is managed and controlled in Belgium;

(*h*) 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 Belgium, as the context requires;

(*i*) The term "industrial or commercial profits" does not include income in the form of dividends, interest, rents, royalties or remuneration for labour or personal services or profits from the business of insurance;

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

(*k*) The term "permanent establishment," when used with respect to an enterprise of one of the territories, means a branch, management, factory, mine, workshop, warehouse, installation, or other fixed place of business in which the business of the enterprise is wholly or partly carried on, but does not include an agency unless the agent has and habitually exercises a general authority to negotiate and conclude contracts on behalf of such enterprise or unless the enterprise has, in addition to an agency, a stock of merchandise from which it fills orders otherwise than on isolated occasions.

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 dealings in that other territory through a *bona fide* broker or general commission agent acting in the ordinary course of his business as such.

The fact that an enterprise of one of the territories maintains in the other territory a fixed place of business exclusively for the purchase of goods or merchandise for its own account shall not of itself constitute that fixed place of business a permanent establishment of the enterprise.

The fact that a company which is a resident of one of the territories has a subsidiary company which is a resident of the other territory or which is engaged in trade or business in that other territory (whether through a permanent establishment or otherwise) shall not of itself constitute that subsidiary company a permanent establishment of its parent company.

(2) In the application of the provisions of the present Convention by either High Contracting Party any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws in force in the territory of that Party relating to the taxes which are the subject of the Convention.

## ARTICLE III

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

(2) The industrial or commercial profits of a Belgian 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 is so engaged, tax may be imposed in the United Kingdom in respect of those profits, 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) No portion of any profits arising to an enterprise of one of the territories shall be attributed to a permanent establishment situated in the other territory by reason of the mere purchase of goods or merchandise within that other territory; provided that no expenses or costs relating directly or indirectly to such purchases shall be allowed as deductions in determining the profits of the permanent establishment.

## ARTICLE IV

Where

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

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

(*c*) in either case, conditions are made or imposed between the two enterprises, in their industrial, 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

(1) The industrial and commercial profits of a Belgian enterprise shall, so long as undistributed profits of United Kingdom enterprises are effectively charged to United Kingdom profits tax at a lower rate than distributed profits of such enterprises, be charged to United Kingdom profits tax only at that lower rate.

(2) Where a company which is a resident of Belgium controls, directly or indirectly, not less than 50 per cent of the entire voting power of a company which is a resident of the United Kingdom, distributions by the latter company to the former company shall be left out of account in computing United Kingdom profits tax effectively chargeable on the latter company at the rate appropriate to distributed profits.

(3) The industrial and commercial profits of a United Kingdom enterprise shall, so long as the undistributed profits of Belgian enterprises are effectively charged to Belgian tax at rates lower than the distributed profits of such enterprises, be charged to Belgian tax only as though they were the undistributed profits of Belgian enterprises.

(4) (*a*) Where a company which is a resident of the United Kingdom is the owner effectively and continuously of registered shares representing not less than 90 per cent of the effectively paid up share capital of a company (*société par actions*) which is a resident of Belgium, the total charges to Belgian tax on the profits of any accounting year distributed by the latter company in respect of the shares so owned shall, notwithstanding Belgian law, be reduced, so long as the undistributed profits of Belgian enterprises are effectively charged to Belgian tax at rates lower than the distributed profits of such enterprise, to a sum equal to the additional business tax which would have been payable in accordance with the said legislation if those profits had not been distributed.

(*b*) For the purposes of sub-paragraph (*a*) of this paragraph a company which is a resident of the United Kingdom shall be regarded as the owner, effectively and continuously—

(i) of such registered shares of a company which is a resident of Belgium as have been its exclusive and unconditional property in one form or another without a break during the whole of the accounting year of that company, and

(ii) of an amount, proportionate to the share which it effectively and continuously owns of the effectively paid up share capital of a third company under its authority or control, of such registered shares of a company which is a resident of Belgium as have been, during the whole of the accounting year of that company, in one form or another, without a break, the exclusive and unconditional property of that third company.

(*c*) Sub-paragraphs (*a*) and (*b*) of this paragraph shall only apply to dividends paid out of profits for accounting years ending after the coming into force of the present Convention ; their application shall be conditional on the Belgian company making a claim in writing and furnishing all necessary evidence in support of its annual return of income in any case before each declaration or payment of dividends.

## ARTICLE VI

Notwithstanding the provisions of Article III and paragraphs (1) and (3) of Article V, profits which a resident of one of the territories derives from operating ships or aircraft, including profits of that resident from the sale of tickets for passages by such ships or aircraft, shall be exempt from tax in the other territory.

## ARTICLE VII

(1) Dividends and interest paid by a resident of the United Kingdom to a resident of Belgium, who is subject to tax in Belgium in respect thereof and does not carry on a trade or business in the United Kingdom through a permanent establishment situated therein, shall be exempt from United Kingdom surtax.

(2) Dividends and interest paid by a resident of Belgium to a resident of the United Kingdom, who is subject to tax in the United Kingdom in respect thereof and does not carry on a trade or business in Belgium through a permanent establishment situated therein, shall be exempt from Belgian complementary personal tax.

(3) Where a company which is a resident of one of the territories derives profits or income from sources within the other territory, there shall not be imposed in that other territory any form of taxation on dividends paid by the company to persons not resident in that other territory, whether or not those dividends represent, in whole or in part, profits or income so derived.

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 and not engaged in trade or business in the first territory through a permanent establishment situated therein, shall be exempt from tax in that first 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 royalties or other amounts paid in respect of cinematograph films: it does not include royalties or other amounts paid for the operation of mines or quarries or for other extraction of natural resources.

(3) 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 territory through a permanent establishment situated therein, shall be exempt from tax in that first territory.

(4) Where any such royalty or any such capital sum exceeds a fair and reasonable consideration in respect of the rights for which it is paid, the exemption provided by this Article shall apply only to so much of the royalty or capital sum as represents such fair and reasonable consideration.

ARTICLE IX

(1) Remuneration, including pensions paid by, or out of funds created by, one High Contracting Party to any individual in respect of services rendered to that Party in the discharge of governmental functions shall be exempt from tax in the territory of the other High Contracting Party, unless the individual is a national of that other Party without being also a national of the first Party.

(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 High Contracting Party.

ARTICLE X

(1) An individual who is a resident of the United Kingdom shall be exempt from Belgian tax on profits or remuneration in respect of personal (including professional) services performed within Belgium in any calendar year, if

(*a*) he is present within Belgium for a period or periods not exceeding in the aggregate 183 days during that year, and

(*b*) the services are performed for or on behalf of a resident of the United Kingdom, and

(*c*) in the case of a person carrying on a profession, that person has no office or other fixed place of business in Belgium, and

(*d*) the profits or remuneration do not reduce any profits taxable in Belgium, and

(*e*) the profits or remuneration are subject to United Kingdom tax.

(2) An individual who is a resident of Belgium shall be exempt from United Kingdom tax on profits or remuneration in respect of personal (including professional) services performed within the United Kingdom in any year of assessment, if

(*a*) he is present within the United Kingdom for a period or periods not exceeding in the aggregate 183 days during that year, and

(*b*) the services are performed for or on behalf of a resident of Belgium, and

(*c*) in the case of a person carrying on a profession, that person has no office or other fixed place of business in the United Kingdom, and

(*d*) the profits or remuneration do not reduce any profits taxable in the United Kingdom, and

(*e*) the profits or remuneration are subject to Belgian tax.

(3) The provisions of this Article shall not apply to the profits or remuneration of public entertainers such as theatre, motion picture or radio artists, musicians and athletes.

ARTICLE XI

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

(2) Any pension (other than a pension of the kind referred to in paragraph (1) of Article IX) and any annuity, derived from sources within the United Kingdom by an individual who is a resident of Belgium and subject to Belgian 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

The remuneration derived by a professor or teacher, who is temporarily resident in one of the territories for the purpose of teaching, during a period not exceeding two years, at a university, college, school or other educational institution in that territory, shall be exempt from tax in that territory, if the professor or teacher was a resident of the other territory immediately before the beginning of the said period.

ARTICLE XIII

A student or business apprentice from one of the territories who is receiving full-time education or training in the other territory shall be exempt from tax in that other territory on payments made to him by persons resident in the first territory for the purposes of his maintenance, education or training.

ARTICLE XIV

Where the present Convention provides that income from a source in one of the territories shall be exempt from tax in that territory if (with or without other conditions) it is subject to tax in the other territory and under the law in force in that other territory the said income is subject to tax by reference to the amount thereof which is remitted to or received in that other territory and not by reference to the full amount thereof, then the exemption to be allowed under the Convention in the first territory shall apply only to so much of the income as is remitted to or received in that other territory.

ARTICLE XV

(1) An individual who is a resident of Belgium shall be entitled to the same personal allowances, reliefs and reductions for the purposes of United Kingdom income tax as a British subject not resident in the United Kingdom.

(2) An individual who is a resident of the United Kingdom shall be entitled to the same personal allowances, reliefs and reductions for the purposes of Belgian tax as a Belgian national not having his fiscal domicile or a house available for his use in Belgium.

ARTICLE XVI

(1) The laws of the High Contracting Parties shall continue to govern the taxation of income arising in either of the territories, except where express provision to the contrary is made in the present Convention. Where income is subject to tax in both territories, relief from double taxation shall be given in accordance with the following paragraphs:—

(2) 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, Belgian tax payable, whether directly or by deduction, in respect of income from sources within Belgium shall be allowed as a

credit against any United Kingdom tax payable in respect of that income. Where such income is a dividend paid by a company having its fiscal domicile in Belgium to a company resident in the United Kingdom which controls, directly or indirectly, not less than one-half of the voting power in the former company, the credit shall take into account (in addition to any tax payable in respect of the dividend) the Belgian tax payable by the former company in respect of the profits distributed as the dividend.

(3) In the case of income derived from sources in the United Kingdom and liable, whether directly or by deduction, to United Kingdom tax, which is also liable to tax in Belgium:—

(*a*) (i) Where the income represents profits, remuneration, emoluments or any other similar income chargeable to business tax and, if applicable, the excess profits tax, in Belgium, each of these taxes shall be reduced, to the extent provided for under Belgian law, to a proportion of the amount which would be due on that income if it were derived from sources in Belgium;

(ii) provided that the said income shall be exempt from Belgian business tax and the above-mentioned excess profits tax where the United Kingdom tax payable thereon after all due adjustments and reliefs have been made is equal to or greater than the total amount of the Belgian business tax and, where appropriate, the excess profits tax which would be payable on that income before any deduction of United Kingdom tax if the income were derived from sources in Belgium;

(iii) if the taxpayer is in receipt of other income liable to business tax, and, where appropriate, to the said excess profits tax, each of those taxes shall be computed on the whole of the income liable in accordance with Belgian law and only the proportion of the taxes so calculated which is appropriate to the income referred to in the two preceding sub-paragraphs shall be reduced or exempted, as the case may be, in accordance with the provisions of the said sub-paragraphs;

(iv) where, in the case of a limited company resident in Belgium, profits or income would be exempt from the business tax, under sub-paragraph (*a*) (ii) of paragraph (3) of this Article, if they were not distributed by the company, that proportion of these profits or income which corresponds to the dividends distributed shall not be subjected to the national crisis contribution imposed by Belgian law on income from shares in limited companies.

(*b*) Where the income represents dividends, interest or other income from movable capital, the provisions of the Belgian law relating to the tax on income from movable capital derived from sources outside Belgium shall continue to apply:

Provided that the tax on movable capital relating to such income having its source in the United Kingdom, and declared as such by the taxpayer in his annual Income Tax return, shall be reduced, even if it has already been deducted at the source in accordance with Belgium law, to the difference between:—

(i) the amount obtained by charging the said income, before any deduction of United Kingdom tax, to the tax on movable capital at the highest rate provided for by Belgian law and

(ii) the amount of United Kingdom tax effectively payable on that income after all due adjustments and reliefs; and

Provided also that where the amount computed as in (ii) equals or exceeds the amount computed as in (i) the income shall be exempt from the Belgian tax on income from movable capital.

(*c*) Where the income represents income from immovable capital, it shall be exempt from the Belgian tax on income from movable capital (*taxe mobilière*). The term "income from immovable capital" includes every kind of income derived from real property including royalties or other sums paid for the exploitation of mines or quarries or for the exploitation of any other natural resources.

(*d*) Income exempted from the business tax and from the excess profits tax under sub-paragraph (*a*) (ii) of paragraph (3) of this Article, and income exempted from the tax on movable capital under sub-paragraph (*c*) of paragraph (3) of this Article, shall also be exempt in Belgium from the complementary personal tax. However, where the taxpayer is in receipt of other income liable to the said tax, that tax shall be computed on the total of the income liable in accordance with Belgian law but the total tax shall be reduced by the proportion appropriate to the income referred to in the said sub-paragraphs (*a*) (ii) and (*c*).

(4) For the purpose of this Article,

(i) 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,

(ii) the profits or remuneration of a director, board member or other similar official of a company which is a resident of one of the territories, who takes no active part in the administration of the company, shall be deemed to be income from a source in that territory, and

(iii) 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 XVII

Any resident of one of the territories who, contrary to the provisions of the present Convention, suffers tax on the same income both in that territory and in the territory of the other High Contracting Party shall have not less than two years from the notification of liability to, or the deduction at the source of the second charge to, tax on that income, in which to make, where appropriate through the intervention of the taxation authorities of the territory in which he is resident, a written and substantiated claim, to the taxation authorities of the territory in which the tax has been incorrectly charged or deducted at the source, for the discharge or repayment of that tax.

## ARTICLE XVIII

(1) The taxation authorities of the High Contracting Parties shall exchange such information available under their respective taxation laws as is necessary for carrying out the provisions of the present Convention 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 Convention. 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, or the determination of appeals in relation to, the taxes which are the subject of the Convention. No information shall be exchanged which might disclose any trade secret or trade process.

(2) As used in this Article and in Article XVII, 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 Belgium, the *Directeur Général de l'Administration des contributions directes* or his authorised representative; and, in the case of any territory to which the present Convention is extended under Article XX, the competent authority for the administration in such territory of the taxes to which the Convention applies.

## ARTICLE XIX

(1) The nationals of one High Contracting Party shall not be subjected in the territory of the other High Contracting Party to any taxation or any requirement connected therewith which is other, higher, or more burdensome than the taxation and connected requirements to which the nationals of the latter Party, similarly situated, are or may be subjected.

(2) The enterprises of one of the territories, whether carried on by a company, a body of persons or by individuals alone or in partnership, shall not be subjected in the other territory, in respect of profits or capital attributable to their permanent establishments in that other territory, to any taxation which is other, higher or more burdensome than the taxation to which the enterprises of that other territory similarly carried on are or may be subjected in respect of the like profits or capital.

Nothing in this paragraph shall prevent the business tax in Belgium, in accordance with paragraph (3) of Article V of the present Convention, being charged according to the scale appropriate to the undistributed profits of Belgian companies on the total income attributable to the permanent establishment in Belgium of a company resident in the United Kingdom.

(3) The income, profits and capital of an enterprise of one of the territories, the capital of which is wholly or partly owned or controlled, directly or indirectly, by a resident or residents of the other territory, shall not be subjected in the first territory to any taxation which is other, higher or more burdensome than the taxation to which other enterprises of that first territory similarly carried on are or may be subjected in respect of the like income, profits and capital.

Nothing in this paragraph shall affect the application of paragraph (4) of Article V of the present Convention.

(4) Nothing in paragraph (1) or paragraph (2) of this Article shall be construed as obliging one High Contracting Party to grant to a national of the other High Contracting Party who is not resident or who does not have his fiscal domicile or a house available for his use in the territory of the former Party the same personal allowances, reliefs and reductions for tax purposes as are granted to his own nationals.

(5) In this Article the term "nationals" means:—

(*a*) in relation to Belgium, all Belgian nationals and Belgian-protected persons

(i) having their fiscal domicile or a house available for their use in Belgium or in any Belgian territory to which the present Convention is extended under Article XX, or

(ii) who derive their status as such from connexion with any Belgian territory referred to in (i) above and all legal persons, partnerships, associations and other entities deriving their status as such from the law in force in any Belgian territory to which the Convention applies.

(*b*) In relation to the United Kingdom, all British subjects and British-protected persons

(i) residing in the United Kingdom or any British territory to which the present Convention is extended under Article XX, or

(ii) deriving their status as such from connexion with the United Kingdom or any British territory to which the present Convention is extended under Article XX

and all legal persons, partnerships, associations and other entities deriving their status as such from the law in force in any British territory to which the Convention applies.

## Article XX

(1) The present Convention may be extended, either in its entirety or with modifications, to any territory of one of the High Contracting Parties to which this Article applies and which imposes taxes substantially similar in character to those which are the subject of the Convention; 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 High Contracting Parties in notes to be exchanged for this purpose.

(2) The termination in respect of Belgium or the United Kingdom of the present Convention under Article XXIII shall, unless otherwise expressly agreed by both High Contracting Parties, terminate the application of the Convention to any territory to which it has been extended under this Article.

(3) The territories to which this Article applies are—

(*a*) in relation to Her Majesty the Queen of Great Britain, Ireland and the British Dominions beyond the Seas; any territory other than the United Kingdom for whose international relations the United Kingdom is responsible;

(*b*) in relation to His Majesty the King of the Belgians; any territory other than Belgium for whose international relations Belgium is responsible.

### ARTICLE XXI

(1) The present Convention shall be ratified and the instruments of ratification shall be exchanged at Brussels as soon as possible.

(2) The Convention shall enter into force upon the exchange of ratifications.

### ARTICLE XXII

Upon the entry into force of the present Convention in accordance with Article XXI, the provisions of the Convention shall have effect—

(*a*) In the United Kingdom:

as respects income tax for any year of assessment beginning on or after the 6th April, 1951;

as respects surtax for any year of assessment beginning on or after the 6th April, 1950; and

as respects profits tax and the excess profits levy in respect of the following profits:—

(i) profits arising in any chargeable accounting period beginning on or after the 1st April, 1951;

(ii) profits attributable to so much of any chargeable accounting period falling partly before and partly after that date as falls after that date;

(iii) profits not so arising or attributable by reference to which income tax is, or but for the present Convention would be, chargeable for any year of assessment beginning on or after the 6th April, 1951;

(*b*) In Belgium:

(i) subject to the provisions of sub-paragraph (*c*) of paragraph (4) of Article V, as respects all tax payable at source, even though subject to subsequent adjustment, on income which has arisen or will arise to the recipient on or after 6th April, 1951;

(ii) as respects tax on all other income liable to tax on or after the commencement of the fiscal year 1951.

### ARTICLE XXIII

The present Convention shall continue in force indefinitely but either High Contracting Party may, on or before the 30th June in any calendar year not earlier than the year 1955, give to the other High Contracting Party, through the diplomatic channel, written notice of termination and, in such event, the Convention shall cease to be effective:—

(*a*) In the United Kingdom:

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

as respects surtax for any year of assessment beginning on or after the 6th April in the calendar year in which the notice is given; and as respects profits tax and the excess profits levy in respect of the following profits:—

(i) profits arising in any chargeable accounting period beginning on or after the 1st April in the calendar year next following that in which the notice is given;

(ii) profits attributable to so much of any chargeable accounting period falling partly before and partly after that date as falls after that date;

(iii) profits not so arising or attributable by reference to which income tax is chargeable for any year of assessment beginning on or after the 6th April in the next following calendar year;

(*b*) In Belgium:

(i) as respects tax payable at source falling due on or after the 6th April in the calendar year next following that in which notice is given;

(ii) as respects tax on all other income for any fiscal year beginning on or after the 1st January next following the date on which notice is given.

In witness whereof the above-mentioned Plenipotentiaries have signed the present Convention and have affixed thereto their seals.

Done in duplicate at London, the 27th day of March, 1953, in the English and French languages, both texts being equally authoritative.

(L.S.) ANTHONY EDEN.

(L.S.) OBERT DE THIEUSIES.

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## EXPLANATORY NOTE

*(This Note is not part of the Order, but is intended to indicate its general purport.)*

Under the Convention with Belgium which is scheduled to this Order certain classes of income derived from one country by a resident of the other country are (subject to certain conditions) to be exempt from tax in the former country. These classes are shipping and air transport profits, certain trading profits not arising through a permanent establishment, patent and copyright royalties, pensions other than Government pensions, purchased annuities and earnings of temporary business visitors. Government salaries and pensions are normally to be taxed by the paying Government only. Remuneration of visiting professors and teachers is to be exempt in the country visited.

Dividends and interest received from the United Kingdom by Belgian residents are to be exempt from United Kingdom surtax. Dividends and interest received from Belgium by United Kingdom residents are to be exempt from Belgian complementary personal tax.

Residents of Belgium are to be entitled to the same personal allowances as British subjects resident abroad and corresponding arrangements are to be extended by Belgium to residents of the United Kingdom.

Where income continues to be taxable in both countries, relief from double taxation is to be given by the country of the taxpayer's residence by reference to the tax payable in the country of origin of the income.

Provision is included for the exchange of information between the taxation authorities of the two countries.

The Convention is to take effect for the fiscal year 1951-52.