STATUTORY INSTRUMENTS

1961 No. 579

INCOME TAX

The Double Taxation Relief (Taxes on Income) (Faroe Islands) Order, 1961

Laid before the House of Commons in draft

Made - - - - 24th March, 1961

At the Court at Buckingham Palace, the 24th day of March, 1961

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 three hundred and forty-seven 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 three hundred and forty-seven 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, 1961.

2. It is hereby declared—

(*a*) that the arrangements specified in the Schedule to this Order for the extension to the Faroe Islands of the arrangements specified in the Convention set out in the Schedule to the Double Taxation Relief (Taxes on Income) (Denmark) Order, 1950(b), have been made with the Government of the Kingdom of Denmark on behalf of the Government of the Faroe Islands with a view to affording relief from double taxation in relation to income tax or profits tax and taxes of a similar character imposed by the laws of the Faroe Islands; and

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

W. G. Agnew.

SCHEDULE

(1) The provisions of the Convention set out in the Schedule to the Double Taxation Relief (Taxes on Income) (Denmark) Order, 1950, shall, notwithstanding paragraph 1 (*b*) of Article II of the said Convention, apply also to the Faroe Islands, except where the context otherwise requires,

(*a*) as if the taxes concerned in the case of the Faroe Islands were the Faroese tax corresponding to the Danish national income tax (the Faroese "Landsskat") (hereinafter referred to as "Faroese tax") and in the case of the United Kingdom of Great Britain and Northern Ireland the income tax (including surtax) and the profits tax; and

(*b*) as if the reference to "the date of signature of the present Convention" were a reference to the 31st day of October, 1960.

(2) The present extension shall come into force when the last of those measures shall have been taken in the United Kingdom necessary to give the extension the force of law in the United Kingdom, and shall thereupon have effect—

(*a*) in the United Kingdom:

as respects income tax (including surtax) for any year of assessment beginning on or after the 6th of April, 1958; as respects profits tax in respect of the following profits:—

(a) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 10. (b) S.I. 1950/1195 (1950 I. p. 1019).

(i) profits by reference to which income tax is, or but for the present application of the Convention would be, chargeable for any year of assessment beginning on or after the 6th of April, 1958;

(ii) other profits being profits by reference to which income tax is not chargeable, but which arise in any chargeable accounting period beginning on or after the 1st of April, 1958, or are attributable to so much of any chargeable accounting period falling partly before and partly after that date as falls after that date;

(*b*) in the Faroe Islands:
as respects Faroese tax for any taxation year beginning on or after the 1st of April, 1958.

(3) The Government of the United Kingdom shall inform the Government of the Kingdom of Denmark in writing when the last of the measures necessary, as indicated in paragraph (2) above, have been taken in the United Kingdom.

(4) The present extension shall remain in force indefinitely and shall continue to remain in force notwithstanding that the Convention may have been terminated by either of the High Contracting Parties in accordance with Article XXII thereof. Either High Contracting Party may, however, on or before the 30th of June in any calendar year not earlier than the year 1961, give to the other through the diplomatic channel written notice of termination of the present extension, and in such event it shall cease to have effect—

(*a*) in the United Kingdom:
as respects income tax (including surtax) for any year of assessment beginning on or after the 6th of April in the calendar year next following that in which the notice is given; as respects profits tax in respect of the following profits:—

(i) profits by reference to which income tax is chargeable for any year of assessment beginning on or after the 6th of April in the calendar year next following that in which the notice is given;

(ii) other profits being profits by reference to which income tax is not chargeable, but which arise in any chargeable accounting period beginning on or after the 1st of April in the next following calendar year or are attributable to so much of any chargeable accounting period falling partly before and partly after that date as falls after that date;

(*b*) in the Faroe Islands:
as respects Faroese tax for any taxation year beginning on or after the 1st of April in the calendar year next following that in which the notice is given.

EXPLANATORY NOTE

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

The Double Taxation Relief (Taxes on Income) (Denmark) Order, 1950 (S.I. 1950 No. 1195), provided for the operation of a Convention dated 27th March, 1950, for the relief of double taxation between the United Kingdom and Denmark and was given statutory effect by Order in Council on 21st July, 1950. Article XX of that Convention provides, inter alia, that the Convention may be extended either in its entirety or with modifications, by means of an Exchange of Notes between the High Contracting Parties, to any territory other than Denmark for whose foreign relations Denmark is responsible.

This Order gives effect to the extension of the Convention in its entirety to the Faroe Islands in accordance with Notes which were exchanged between the High Contracting Parties on 31st October, 1960.

The extension is expressed to take effect for the fiscal year 1958-59.