STATUTORY INSTRUMENTS

1967 No. 1488

INCOME TAX

The Double Taxation Relief (Taxes on Income) (Norway) Order 1967

Laid before the House of Commons in draft

Made - - - 10*th October* 1967

At the Court at Balmoral, the 10th day of October 1967

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) (Norway) Order 1967.

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 Norway 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 Norway varying the arrangements set out in the Schedule to the Double Taxation Relief (Taxes on Income) (Norway) Order 1951(c); and

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

N. E. Leigh.

(a) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 10. (b) 1965 c. 25.
(c) S.I. 1951/1798 (1951 I, p. 1112).

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 NORWAY FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME SIGNED AT LONDON ON THE 2nd MAY, 1951

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

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 2nd May, 1951 (hereinafter referred to as "the Convention");

Have agreed as follows:

ARTICLE I

Sub-paragraph (1) (*a*) of Article II of the Convention shall be deleted and the following substituted:

"The term "United Kingdom" means Great Britain and Northern Ireland, including any area adjacent to the territorial waters of the United Kingdom which has been designated, under the laws of the United Kingdom concerning the Continental Shelf, as an area within which the rights of the United Kingdom with respect to the sea bed and sub-soil and their natural resources may be exercised."

ARTICLE II

Sub-paragraph (1) (*b*) of Article II of the Convention shall be deleted and the following substituted:

"The term "Norway" means the Kingdom of Norway, including any area adjacent to the territorial waters of the Kingdom of Norway which has been designated, under the laws of the Kingdom of Norway concerning the Continental Shelf, as an area within which the rights of the Kingdom of Norway with respect to the sea bed and sub-soil and their natural resources may be exercised; the term does not comprise Spitsbergen (including Bear Island), Jan Mayen and the Norwegian dependencies outside Europe."

ARTICLE III

The second sentence of paragraph (1) of Article XVI of the Convention (which sentence 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 resident in Norway 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 Norwegian tax payable in respect of the dividend) the Norwegian tax payable by that former company in respect of its profits."

ARTICLE IV

The third sentence of paragraph (2) of Article XVI of the Convention (which sentence 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 resident in the United Kingdom to a company resident in Norway which controls directly or indirectly not less than one-tenth of the voting power in the former company, the deduction, in the event that it is restricted to the amount of the United Kingdom tax, shall take into account (in addition to any United Kingdom tax payable in respect of the dividend) the United Kingdom tax payable by that former company in respect of its profits."

ARTICLE V

(1) This Protocol shall be ratified and the instruments of ratification shall be exchanged at Oslo 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). It shall thereupon be regarded as an integral part of the Convention and shall have effect as follows. Articles I and II shall have effect from 6th April, 1966, or the date of entry into force of this Protocol, whichever is the later. Articles III and IV shall have effect in relation only to dividends payable on or after 6th April, 1966, or on or after the date of entry into force of this Protocol, whichever is the later.

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

Done in duplicate at London this 29th day of June, 1966, in the English and Norwegian languages, both texts being equally authoritative.

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

G. M. THOMSON

For the Government of the Kingdom of Norway:

ARNE SKAUG

(a) Instruments of ratification were exchanged on 24th August 1967.

EXPLANATORY NOTE

(This Note is not part of the Order.)

This Protocol makes two amendments to the Convention between the United Kingdom and Norway which is scheduled to the Double Taxation Relief (Taxes on Income) (Norway) Order 1951.

Firstly it replaces the definitions of the terms "United Kingdom" and "Norway" by new definitions which embrace those areas of the Continental Shelf over which each country respectively has rights of exploration and exploitation. Secondly it amends paragraphs (1) and (2) of Article XVI of the Convention so as to provide that in the case of ordinary dividends credit is to be given by one country for tax borne in the other country by the paying company on the profits out of which the dividends are paid only where the recipient of the dividends is a company which holds not less than 10 per cent of the voting power in the paying company.

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