



Treaty Series No. 81 (1959)

Exchange of Notes

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of Denmark

extending to the Federation of Rhodesia and
Nyasaland and to Kenya, Uganda,
Tanganyika and Zanzibar the
Convention of March 27, 1950, for the Avoidance
of Double Taxation and the Prevention
of Fiscal Evasion with respect to
Taxes on Income

Copenhagen, January 17, 1959

*Presented to Parliament by the Secretary of State for Foreign Affairs
by Command of Her Majesty
December 1959*

LONDON

HER MAJESTY'S STATIONERY OFFICE

SIXPENCE NET

EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF DENMARK EXTENDING TO THE FEDERATION OF RHODESIA AND NYASALAND AND TO KENYA, UGANDA, TANGANYIKA AND ZANZIBAR THE CONVENTION OF MARCH 27, 1950, FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

No. 1

Her Majesty's Ambassador at Copenhagen to the Danish Minister for Foreign Affairs

British Embassy,

Monsieur le Ministre,

Copenhagen, 17th January, 1959.

I am instructed by Her Majesty's Principal Secretary of State for Foreign Affairs to refer to the Convention between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed at London on the 27th of March, 1950.⁽¹⁾

I have the honour to propose on behalf of the Government of the United Kingdom that, in accordance with the provisions of Article XX, the above-mentioned Convention should be extended to the territories named in the Annex to the present Note in the manner, subject to the modifications, and with effect from the dates, specified therein.

If the foregoing proposal is acceptable to the Danish Government, I have the honour to suggest that the present Note with its Annex, and Your Excellency's reply to that effect, should be regarded as constituting the agreement reached between the two Governments in this matter.

I have, &c.

R. E. BARCLAY.

⁽¹⁾ "Treaty Series No. 47 (1950)," Cmd. 8023.

ANNEX

I

Table of Territories to which the Convention of the 27th of March, 1950, for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income is to be extended in accordance with Article XX of the said Convention subject to the conditions set out in Paragraphs II and III of this Annex.

<i>Column (1)</i>	<i>Column (2)</i>	<i>Column (3)</i>
Kenya	The Income Tax (including Sur-tax) and the Personal Tax.	1st January, 1954.
Rhodesia and Nyasaland, Federation of	The Income Tax, Super-tax and Undistributed Profits Tax.	1st April, 1954.
Tanganyika	The Income Tax (including Sur-tax) and the Non-Native Poll Tax or Personal Tax.	1st January, 1954.
Uganda	The Income Tax (including Sur-tax) and the Non-African Poll Tax.	1st January, 1954.
Zanzibar	The Income Tax (including Sur-tax).	1st January, 1954.

II.—Application

(a) The said Convention as modified by the present Annex shall apply in the case of each territory mentioned in Column (1) of the above Table,

- (1) as if the Contracting Parties were the Government of Denmark and the Government of that territory;
- (2) as if the taxes concerned in the case of each territory were those mentioned opposite the name of that territory in Column (2) of the above Table;
provided that for the purposes only of the application of paragraph (3) of Article XVIII of the Convention to the Federation of Rhodesia and Nyasaland the taxes concerned shall include the Territorial Surcharges charged in Northern Rhodesia, Nyasaland and Southern Rhodesia;
- (3) as if the taxes concerned in the case of Denmark included the Defence Tax; and
- (4) as if references to "the date of signature of the present Convention" were references to the date of the Exchange of Notes to which the present Annex is appended.

(b) When the last of those measures shall have been taken in Denmark and in any territory named in the above Table necessary to give the present extension the force of law in Denmark and in such territory, respectively, the present extension shall have effect—

- (1) in Denmark: as respects Danish Tax for any taxation year beginning on or after the 1st of April, 1955;
- (2) in such territory: as respects tax for the year, year of assessment or year of income beginning on the date specified opposite its name in Column (3) of the above Table, and for subsequent years, years of assessment or years of income.

(c) The Government of Denmark shall inform the Government of the United Kingdom in writing when the last of the measures necessary, as indicated in paragraph (b), have been taken in Denmark. The Government of the United Kingdom shall inform the Government of Denmark in writing when the last of the measures necessary, as indicated in paragraph (b), have been taken in all or any of the territories named in the above Table.⁽²⁾

(d) The present extension shall continue in effect indefinitely but either of the Contracting Parties may, on or before the 30th of June in any calendar year not earlier than the year 1960, give to the other Contracting Party through the diplomatic channel written notice of termination which may apply to any or all of the territories named in the above Table and in such event the present extension shall cease to have effect—

- (1) in Denmark: as respects Danish 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;
- (2) in such of the territories named in the above Table as are concerned: as respects tax for any year, year of assessment or year of income beginning on or after the 1st of January in the calendar year in which the notice is given.

III.—Modifications

The said Convention as modified by the present Annex shall apply—

(a) for the purposes of the extension to Kenya, Tanganyika, Uganda and Zanzibar, with the following exceptions:—

(1) The following words shall be inserted at the end of sub-paragraph (d) of paragraph (1) of Article II:—

“but shall not include any tax which is payable in respect of any default or omission in relation to the taxes to which this Convention as extended applies or which represents a penalty imposed under the law of the territory concerned relating to those Taxes”;

(2) The following words shall be inserted at the end of sub-paragraph (f) of paragraph (1) of Article II:—

“but does not include other income in the form of dividends, interest, rents or royalties, management charges or remuneration for personal services”;

⁽²⁾ By notifications dated June 12, 1959, and September 21, 1959, respectively, the United Kingdom Government informed the Danish Government that these measures had been taken in the Federation of Rhodesia and Nyasaland and in the East African High Commission territories of Kenya, Tanganyika, Uganda and Zanzibar.

By a similar notification dated October 6, 1959, the Danish Government informed the United Kingdom Government that the necessary measures had been taken in Denmark

- (3) Nothing in paragraph (2) of Article III shall affect any provisions of the law of those territories regarding the taxation of income from the business of insurance;
- (4) The following words shall be inserted at the end of paragraph (3) of Article III:—
- “and the profits so attributed shall be deemed to be income derived from sources in that other territory”;
- (5) Paragraph 4 of Article III shall be deleted;
- (6) The following paragraph shall be substituted for paragraphs (1) and (2) of Article V:—
- “If the industrial and commercial profits of a company which is a resident of Denmark become chargeable to a form of [United Kingdom] tax under which, in the case of companies which are residents of the United Kingdom, the undistributed or undistributable income is charged to tax at a lower rate than the distributed or distributable income of such companies, these industrial and commercial profits shall be charged to [United Kingdom] tax only at the lower rate.”;
- (7) All references to interest in Articles VIII and IX shall be deleted;
- (8) Article XIV shall be deleted;
- (9) Article XVI shall be deleted;
- (10) Article XVIII shall be amended as follows:—
- (i) by deleting the words “or for the prevention of fraud or for the administration of statutory provisions against legal avoidance”;
- (ii) by inserting after “assessment and collection of” the words “or the hearing of appeals in relation to”;
- (b) for the purposes of the extension to the Federation of Rhodesia and Nyasaland, with the following exceptions:—
- (1) In Article VII (1) (a), for the words—
- “shall be exempt from [United Kingdom] sur-tax” there shall be substituted “shall be exempt from Federal supertax”;
- (2) Article XI shall apply to remuneration, including pensions, paid by or out of funds created by the Government of each of the Territories constituting the Federation, to any individual in respect of services rendered to that Government in the discharge of governmental functions as it applies to similar payments by or out of funds created by the Government of the Federation.

No. 2

*The Danish Minister for Foreign Affairs to Her Majesty's Ambassador
at Copenhagen.*

Monsieur l'Ambassadeur,

Copenhagen, January 17, 1959.

I have the honour to acknowledge receipt of Your Excellency's Note of to-day's date which reads as follows:—

[As in Note No. 1.]

In reply, I have the honour to state that the Danish Government accept the proposal of Her Majesty's Government and agree that Your Excellency's Note with its Annex and the present reply shall constitute an Agreement between the two Governments.

I avail, &c.,

J. O. KRAG.

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