

EXPLANATORY NOTE

Under the Arrangement with Guernsey 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) exempt from tax in the former country; these classes are shipping and air transport profits, certain trading profits not arising through a “permanent establishment”, and earnings of temporary business visitors. Government salaries and pensions are normally taxed by the paying Government only.

Dividends and debenture interest payable by companies are not affected by the Arrangement. The system of unilateral relief by the United Kingdom which operates at present (Section 348 and Seventeenth Schedule, Income Tax Act, 1952, which reproduces Section 36 and Sixth Schedule, Finance Act, 1950) will continue to apply to them. In other cases where income continues to be taxable in both countries, credit is to be given by the country of the taxpayer's residence for 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 Arrangement is expressed to take effect for the fiscal year 1951-52.