

## SCHEDULE

### ARRANGEMENT BETWEEN HIS MAJESTY'S GOVERNMENT AND THE STATES OF GUERNSEY FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

- 2.—(1) In this Arrangement, unless the context otherwise requires:
- (a) The term “United Kingdom” means Great Britain and Northern Ireland;
  - (b) The term “Guernsey” means any island in which the Income Tax (Guernsey) Law, 1950, is in force;
  - (c) The terms “one of the territories” and “the other territory” mean the United Kingdom or Guernsey, as the context requires;
  - (d) The term “tax” means United Kingdom tax or Guernsey tax, as the context requires;
  - (e) The term “person” includes any body of persons, corporate or not corporate;
  - (f) The term “company” includes any body corporate;
  - (g) The terms “resident of the United Kingdom” and “resident of Guernsey” mean respectively any person who is resident in the United Kingdom for the purposes of United Kingdom tax and not resident in Guernsey for the purposes of Guernsey tax and any person who is resident in Guernsey for the purposes of Guernsey tax and not resident in the United Kingdom for the purposes of United Kingdom tax; and a company shall be regarded as resident in the United Kingdom if its business is managed and controlled in the United Kingdom and as resident in Guernsey if its business is managed and controlled in Guernsey;
  - (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 Guernsey, as the context requires;
  - (i) The terms “United Kingdom enterprise” and “Guernsey enterprise” mean respectively an industrial or commercial enterprise or undertaking carried on by a resident of the United Kingdom and an industrial or commercial enterprise or undertaking carried on by a resident of Guernsey; and the terms “enterprise of one of the territories” and “enterprise of the other territory” mean a United Kingdom enterprise or Guernsey enterprise, as the context requires;
  - (j) The term “industrial or commercial profits” includes rentals in respect of cinematograph films.
  - (k) The term “permanent establishment”, when used with respect to an enterprise of one of the territories, means a branch, management or other fixed place of business, 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 has a stock of merchandise from which he regularly fills orders on its behalf.

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 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

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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) Where under this Arrangement any income is exempt from tax in one of the territories if (with or without other conditions) it is subject to tax in the other territory, and that income is subject to tax in that other territory by reference to the amount thereof which is remitted to or received in that other territory, the exemption to be allowed under this Arrangement in the first-mentioned territory shall apply only to the amount so remitted or received.

(3) In the application of the provisions of this Arrangement by the United Kingdom or Guernsey, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of the United Kingdom, or, as the case may be, Guernsey, relating to the taxes which are the subject of this Arrangement.