

1967 No. 1489

INCOME TAX

The Double Taxation Relief (Taxes on Income) (South Africa)
Order 1967*Laid before the House of Commons in draft*

Made - - - - - 10th 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 section 347(6) 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 section 347(1) of the said Income Tax Act 1952, 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) (South Africa) 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 Republic of South Africa 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 South Africa varying the arrangements set out in the Schedule to the Double Taxation Relief (Taxes on Income) (South Africa) Order 1962(c); and

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

N. E. Leigh.

SCHEDULE

PROTOCOL AMENDING THE CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME SIGNED AT CAPE TOWN ON THE 28TH MAY, 1962.

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of South Africa,
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 Cape Town on the 28th May, 1962 (hereinafter referred to as "the Convention");

Have agreed as follows:

ARTICLE I

The second sentence of paragraph (1) of Article XX 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 which is a resident of South Africa to a company which is a resident of 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 South African tax payable in respect of the dividend) the South African tax payable by that former company in respect of its profits."

ARTICLE II

(1) This Protocol shall be ratified and the instruments of ratification shall be exchanged at London as soon as possible.

(2) This Protocol shall enter into force on the date on which the instruments of ratification are exchanged^(a) and shall thereupon have effect in relation only to

(a) dividends payable after the specified date, and

(b) dividends payable on or before the specified date which are chargeable to United Kingdom tax for a year of assessment which commences after the specified date,

and in relation to such dividends this Protocol shall be regarded as an integral part of the Convention. In this paragraph the term "specified date" means the date of entry into force of this Protocol.

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

Done in duplicate at Cape Town this 14th day of June, 1967, in the English and Afrikaans languages, both texts being equally authoritative.

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

JOHN NICHOLLS

For the Government of the Republic of South Africa:

H. MULLER

(a) Instruments of ratification were exchanged on 7th September 1967.

EXPLANATORY NOTE

(This Note is not part of the Order.)

Paragraph (1) of Article XX of the Convention between the United Kingdom and South Africa which is scheduled to the Double Taxation Relief (Taxes on Income) (South Africa) Order 1962 provides that where an ordinary dividend is received from a South African company by a United Kingdom resident, credit is to be given for the South African tax borne by the company on the profits out of which it is paid. The Protocol provides that credit for the South African tax on the profits out of which the dividend is paid shall in future be given only where the dividend is received by a United Kingdom company which controls not less than one-tenth of the voting power in the South African company paying the dividend.