

1967 No. 483

INCOME TAX

**The Double Taxation Relief (Taxes on Income)
(Singapore) Order 1967***Laid before the House of Commons in draft**Made - - - - - 23rd March 1967*

At the Court at Windsor Castle, the 23rd day of March 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 17 of the Finance Act 1961(b) and by section 39 and section 64 of the Finance Act 1965(c), 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) (Singapore) Order 1967.

2. It is hereby declared—

- (a) that the arrangements specified in the Agreement set out in the Schedule to this Order have been made with the Government of the Republic of Singapore with a view to affording relief from double taxation in relation to income tax, profits tax, corporation tax or capital gains tax and taxes of a similar character imposed by the laws of Singapore; and
- (b) that it is expedient that those arrangements should have effect.

W. G. Agnew.

(a) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 10.

(b) 9 & 10 Eliz. 2. c. 36.

(c) 1965 c. 25.

SCHEDULE**AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME**

The Government of the Republic of Singapore and the Government of the United Kingdom of Great Britain and Northern Ireland,

Desiring to conclude an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,

Have agreed as follows:

ARTICLE 1

(1) The taxes which are the subject of this Agreement are—

- (a) in the Republic of Singapore:
the income tax (hereinafter referred to as "Singapore tax"); and
- (b) in the United Kingdom of Great Britain and Northern Ireland:
the income tax (including surtax), the profits tax, the corporation tax and the capital gains tax (hereinafter referred to as "United Kingdom tax").

(2) This Agreement shall also apply to any other taxes of a substantially similar character imposed in Singapore or the United Kingdom subsequently to the date of signature of this Agreement.

ARTICLE 2

(1) In this Agreement, unless the context otherwise requires—

- (a) the term "Singapore" means the Republic of Singapore;
- (b) the term "United Kingdom" means Great Britain and Northern Ireland, including any area outside 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;
- (c) the terms "one of the Contracting States" and "the other Contracting State" mean Singapore or the United Kingdom, as the context requires;
- (d) the term "tax" means Singapore tax or United Kingdom tax, as the context requires;
- (e) the term "company" means any body corporate;
- (f) the term "person" includes any body of persons, corporate or not corporate;
- (g) (i) the term "resident of Singapore" means any person who is resident in Singapore for the purposes of Singapore tax; and the term "resident of the United Kingdom" means any person who is resident in the United Kingdom for the purposes of United Kingdom tax;
(ii) where by reason of the provisions of sub-paragraph (i) above an individual is a resident of both Contracting States, then his residence shall be determined in accordance with the following rules—
 - (aa) he shall be deemed to be a resident of the Contracting State in which he has a permanent home available to him. If he has a permanent home available to him in both Contracting States, he shall be deemed to be a resident of the Contracting State with which his personal and economic relations are closest;
 - (bb) if the Contracting State, with which his personal and economic relations are closest, cannot be determined, or if he has not a permanent home available to him in either Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;

- (cc) if he has an habitual abode in both Contracting States or in neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement;
- (iii) where by reason of the provisions of sub-paragraph (i) above a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident of the Contracting State in which it is managed and controlled;
- (h) the terms "resident of one of the Contracting States" and "resident of the other Contracting State" mean a resident of Singapore or a resident of the United Kingdom, as the context requires;
- (i) the terms "Singapore enterprise" and "United Kingdom enterprise" mean, respectively, an industrial, mining, commercial, plantation or agricultural enterprise or undertaking carried on by a resident of Singapore and an industrial, mining, commercial, plantation or agricultural enterprise or undertaking carried on by a resident of the United Kingdom;
- (j) the terms "enterprise of one of the Contracting States" and "enterprise of the other Contracting State" mean a Singapore enterprise or a United Kingdom enterprise, as the context requires;
- (k) the terms "profits of a Singapore enterprise" and "profits of a United Kingdom enterprise" do not include rents or royalties in respect of motion picture films or of tapes for telecasting or of mines, oil wells, quarries or other places of extraction of natural resources, or income in the form of dividends, interest, rents, royalties, or capital gains, or fees or other remuneration derived from the management, control or supervision of the trade, business or other activity of another enterprise or concern, or remuneration for labour or personal services, or profits derived from the operation of ships or aircraft;
- (l) (i) subject to the provisions of this sub-paragraph, the term "permanent establishment" means a fixed place of business in which the business of the enterprise is wholly or partly carried on;
- (ii) a permanent establishment shall include especially—
- (aa) a place of management;
 - (bb) a branch;
 - (cc) an office;
 - (dd) a factory;
 - (ee) a workshop;
 - (ff) a mine, oil well, quarry or other place of extraction of natural resources;
 - (gg) a building site or construction or assembly project which exists for more than six months;
 - (hh) a farm or plantation;
- (iii) the term "permanent establishment" shall not be deemed to include—
- (aa) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
 - (bb) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
 - (cc) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
 - (dd) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise;

- (*ee*) the maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character, for the enterprise;
- (iv) an enterprise of one of the Contracting States shall be deemed to have a permanent establishment in the other Contracting State if—
- (*aa*) it carries on supervisory activities in that other Contracting State for more than six months in connection with a construction, installation or assembly project which is being undertaken in that other Contracting State;
- (*bb*) it carries on a business which consists of providing the services of public entertainers referred to in paragraph (3) of Article 12 in that other Contracting State;
- (v) a person acting in one of the Contracting States on behalf of an enterprise of the other Contracting State (other than an agent of independent status to whom sub-paragraph (*l*) (vi) of this Article applies) shall be deemed to be a permanent establishment in the former Contracting State if—
- (*aa*) he has, and habitually exercises in that former Contracting State, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise; or
- (*bb*) he maintains in that former Contracting State a stock of goods or merchandise belonging to the enterprise from which he regularly fills orders on behalf of the enterprise;
- (vi) an enterprise of one of the Contracting States shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other Contracting State through a broker, general commission agent or any other agent of independent status, where such person is acting in the ordinary course of his business;
- (vii) the fact that a company which is a resident of one of the Contracting States controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other Contracting State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other;
- (*m*) the term “competent authorities” means, in the case of Singapore, the Minister for Finance or his authorised representative; and in the case of the United Kingdom, the Commissioners of Inland Revenue or their authorised representative.

(2) In the application of the provisions of this Agreement by the Government of one of the Contracting States, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of this Agreement.

ARTICLE 3

Where this Agreement provides (with or without other conditions) that income from sources in one of the Contracting States shall be exempted from tax, or taxed at a reduced rate, by that Contracting State if it is subject to tax in the other Contracting State, and under the law in force in that other Contracting State the said income is subject to tax by reference to the amount thereof which is remitted to, or received in, that other Contracting State and not by reference to the full amount thereof, then the exemption or reduction of tax to be allowed under this Agreement in the former Contracting State shall apply only to so much of the income as is remitted to or received in the other Contracting State.

ARTICLE 4

(1)—(a) The profits of a Singapore enterprise shall not be taxable in the United Kingdom unless the enterprise carries on business in the United Kingdom through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, tax may be imposed in the United Kingdom on the profits of the enterprise but only on so much of them as is directly or indirectly attributable to that permanent establishment;

(b) the profits of a United Kingdom enterprise shall not be taxable in Singapore unless the enterprise carries on business in Singapore through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, tax may be imposed in Singapore on the profits of the enterprise but only on so much of them as is directly or indirectly attributable to that permanent establishment.

(2) Where an enterprise of one of the Contracting States carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

(3) In determining the profits of a permanent establishment, there shall be allowed as deductions all expenses, including executive and general administrative expenses, which would be deductible if the permanent establishment were an independent enterprise in so far as they are reasonably allocable to the permanent establishment, whether incurred in the Contracting State in which the permanent establishment is situated or elsewhere.

(4) No profits shall be attributed to a permanent establishment by reason of the mere purchase or transportation by that permanent establishment of goods or merchandise for the enterprise.

ARTICLE 5

Where—

(a) an enterprise of one of the Contracting States participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State; or

(b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the Contracting States and an enterprise of the other Contracting State;

and in either case, conditions are made or imposed between the two enterprises, in their commercial or financial relations, which differ from those which would be made between independent enterprises, then any profits which would but for those conditions have accrued to one of the enterprises, but by reason of those conditions have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

ARTICLE 6

(1) Profits which an enterprise of one of the Contracting States derives from the operation of ships or aircraft shall be exempt from tax of the other Contracting State, unless the ships or aircraft are operated wholly or mainly between places within that other Contracting State.

(2) This Article shall likewise apply to the share in respect of participation in shipping or aircraft pools of any kind by such enterprise engaged in shipping or air transport.

ARTICLE 7

(1) Dividends paid by a company resident in the United Kingdom to a resident of Singapore who is subject to Singapore tax in respect thereof shall be exempt from any tax in the United Kingdom which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company.

(2) Dividends paid by a company resident in Singapore to a resident of the United Kingdom who is subject to United Kingdom tax in respect thereof shall be exempt from any tax in Singapore which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company.

Provided that nothing in this paragraph shall affect the provisions of Singapore law under which the tax in respect of a dividend paid by a company resident in Singapore from which Singapore tax has been, or has been deemed to be, deducted may be adjusted by reference to the rate of tax appropriate to the Singapore year of assessment immediately following that in which the dividend was paid.

(3) Where a company which is a resident of one of the Contracting States derives profits or income from sources within the other Contracting State, there shall not be imposed in that other Contracting State any form of taxation on dividends paid by the company to persons not resident in that Contracting State, or any tax in the nature of an undistributed profits tax on undistributed profits of the company, whether or not those dividends or undistributed profits represent, in whole or in part, profits or income so derived.

(4) The provisions of paragraph (1) of this Article shall not apply if the recipient of the dividends, being a resident of Singapore, has in the United Kingdom, a permanent establishment and the holding giving rise to the dividends is effectively connected with a trade carried on through such permanent establishment and, in the case of a company, the trade is such that a profit on the sale of the holding would be a trading receipt.

(5) The provisions of paragraph (2) of this Article shall not apply if the recipient of the dividends, being a resident of the United Kingdom has, in Singapore where the company paying the dividends is resident, a permanent establishment with which the holding by virtue of which the dividends are paid is effectively connected. In such a case Article 4 concerning the allocation of profits to permanent establishments shall apply.

(6) Subject to the provisions of paragraph (6) of Article 8 of this Agreement the term "dividends" in the case of the United Kingdom includes any item which under the law of the United Kingdom is treated as a distribution of a company except that this term does not include any redeemable share capital or security issued by a company in respect of shares in the company otherwise than wholly for new consideration, or such part of any redeemable share capital or security so issued as is not properly referable to new consideration.

(7) If the recipient of a dividend is a company which owns ten per cent. or more of the class of shares in respect of which the dividend is paid then neither paragraph (1) nor paragraph (2) of this Article shall apply to the dividend to the extent that it can have been paid only out of profits which the company paying the dividend earned or other income which it received in a period ending twelve months or more before the relevant date. For the purposes of this paragraph the term "relevant date" means the date on which the beneficial owner of the dividend became the owner of ten per cent. or more of the class of shares in question.

Provided that this paragraph shall not apply if the recipient of the dividend shows that the shares were acquired for *bona fide* commercial reasons and not primarily for the purpose of securing the benefit of this Article.

ARTICLE 8

(1) Royalties derived from sources within one of the Contracting States by a resident of the other Contracting State who is subject to tax in that other Contracting State in respect thereof shall be exempt from tax in the first-mentioned Contracting State.

(2) The term "royalties" as used in this Article means payments of any kind received as consideration for the use of, or the right to use, any copyright, patent, trade mark, design, model, plan, secret formula or process or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial,

commercial or scientific experience, but does not include any royalty or other amount paid in respect of motion picture films or of tapes for telecasting or of the operation of a mine, oil well, quarry or any other place of extraction of natural resources.

(3) Sums derived by a resident of one of the Contracting States from sources within the other Contracting State from the alienation of any right or property from which royalties, as defined in paragraph (2) of this Article, are or may be derived, shall be exempt from tax in the other Contracting State.

(4) The provisions of paragraphs (1) and (3) of this Article shall not apply to royalties or sums received by a resident of one of the Contracting States where such royalties or sums are attributable to a permanent establishment of such resident in the other Contracting State; in such event, such royalties or sums as are attributable to that permanent establishment shall be treated as if they were profits to which the provisions of Article 4 are applicable.

(5) Royalties paid by a company which is a resident of the United Kingdom to a resident of Singapore shall not be treated as a distribution of that company. The preceding sentence shall not apply to royalties paid to a company where—

- (a) the same persons participate directly or indirectly in the management or control of the company paying the royalties and the company deriving the royalties; and
- (b) more than 50 per cent. of the voting power in the company deriving the royalties is controlled, directly or indirectly, by a person or persons resident in the United Kingdom.

(6) Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the royalties or sums paid, having regard to the use, right, property or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship and dealing with each other at arm's length, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

ARTICLE 9

A resident of one of the Contracting States who does not carry on business in the other Contracting State through a permanent establishment situated therein shall be exempt in that other Contracting State from any tax on gains from the sale, transfer or exchange of capital assets.

ARTICLE 10

(1)—(a) Any salary, wage or similar remuneration, paid by the Government of Singapore or any local authority thereof to any individual who is subject to Singapore tax thereon (other than a resident of the United Kingdom who is not a citizen of Singapore) in respect of services rendered to Singapore in the discharge of governmental functions, shall be exempt from United Kingdom tax;

(b) any pension paid by the Government of Singapore or any local authority thereof to any individual in respect of services rendered in the discharge of governmental functions shall be exempt from United Kingdom tax unless he is a resident of the United Kingdom who is not a citizen of Singapore.

(2)—(a) Any salary, wage or similar remuneration, paid out of public funds of the United Kingdom or Northern Ireland or the funds of any local authority in the United Kingdom to any individual who is subject to United Kingdom tax thereon (other than a resident of Singapore who is not a citizen of the United Kingdom) in respect of services rendered to the United Kingdom in the discharge of governmental functions, shall be exempt from Singapore tax;

(b) any pension paid out of public funds of the United Kingdom or Northern Ireland or the funds of any local authority in the United Kingdom to any individual in respect of services rendered in the discharge of governmental functions shall be exempt from Singapore tax unless he is a resident of Singapore who is not a citizen of the United Kingdom.

(3) Where any remuneration or pension to which this Article applies is not exempt under paragraph (1) or paragraph (2) of this Article it shall, for the purposes of Article 18, be deemed to be income from a source within the Contracting State the Government of which pays the remuneration or pension.

(4) The provisions of this Article shall not apply to any remuneration or pension in respect of services rendered in connection with any trade or business carried on for purposes of profit.

ARTICLE 11

(1) Subject to the provisions of this Article and Articles 10, 12, 13 and 15, salaries, wages and other similar remuneration derived by a resident of one of the Contracting States in respect of an employment may be taxed in the other Contracting State if, and only if, the employment is exercised in that other Contracting State.

(2) In relation to remuneration of a director of a company derived from the company, the provisions of this Article and of Article 12 shall apply as if the remuneration were remuneration of an employee in respect of an employment. Director's fees and similar payments derived by a resident of one of the Contracting States in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State shall be deemed to have been derived from an employment exercised in, and may be taxed in, that other Contracting State.

(3) A resident of one of the Contracting States shall be exempt from tax in the other Contracting State on remuneration for services performed on ships or aircraft operating outside the other Contracting State provided that he is subject to tax in respect thereof in the first-mentioned Contracting State.

ARTICLE 12

(1) An individual who is a resident of Singapore shall be exempt from United Kingdom tax on remuneration or profits in respect of personal (including professional) services performed within the United Kingdom in any year of assessment, if—

- (a) he is present within the United Kingdom for a period or periods not exceeding in the aggregate 183 days during that year;
- (b) the services are performed for or on behalf of a person who is a resident of Singapore;
- (c) the remuneration or profits are subject to Singapore tax; and
- (d) the remuneration or profits are not directly deductible from the profits for United Kingdom tax purposes of a permanent establishment in the United Kingdom of that person.

(2) An individual who is a resident of the United Kingdom shall be exempt from Singapore tax on remuneration or profits in respect of personal (including professional) services performed within Singapore in any year of assessment, if—

- (a) he is present within Singapore for a period or periods not exceeding in the aggregate 183 days during that year;
- (b) the services are performed for or on behalf of a person who is a resident of the United Kingdom;
- (c) the remuneration or profits are subject to United Kingdom tax; and
- (d) the remuneration or profits are not directly deductible from the profits for Singapore tax purposes of a permanent establishment in Singapore of that person.

(3) The provisions of this Article shall not apply to the remuneration or profits derived from one of the Contracting States of public entertainers (such as stage, motion picture, radio or television artistes, musicians and athletes) whose visit to that Contracting State is not supported, wholly or substantially, from the public funds of the Government of the other Contracting State.

ARTICLE 13

(1) Any pension (other than a pension of the kind referred to in paragraph (1) of Article 10) and any annuity, derived from sources within Singapore by an individual who is a resident of the United Kingdom and subject to United Kingdom tax in respect thereof, shall be exempt from Singapore tax.

(2) Any pension (other than a pension of the kind referred to in paragraph (2) of Article 10) and any annuity, derived from sources within the United Kingdom by an individual who is a resident of Singapore and subject to Singapore tax in respect thereof, shall be exempt from United Kingdom tax.

(3) The term "annuity" means a stated sum payable periodically at stated times, during life or during a specified or ascertainable period of time, under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

ARTICLE 14

An individual, who is a resident of one of the Contracting States immediately before making a visit to the other Contracting State, and who makes such visit at the invitation of the Government of that other Contracting State, or of a university, college, school or other recognised educational institution in the other Contracting State, solely for the purpose of teaching at such educational institution for a period not exceeding two years shall be exempt from tax of the former Contracting State on his remuneration for such teaching.

ARTICLE 15

(1) An individual, who immediately before visiting one of the Contracting States, is a resident of the other Contracting State and is temporarily present in the first-mentioned Contracting State solely as a student at a recognised university, college or school in the first-mentioned Contracting State, or as a business apprentice therein, shall be exempt from tax in the first-mentioned Contracting State on—

- (a) all remittances from the second-mentioned Contracting State for the purposes of his maintenance, education or training; and
- (b) any remuneration for personal services rendered in the first-mentioned Contracting State with a view to supplementing the resources available to him for such purposes.

(2) An individual, who immediately before visiting one of the Contracting States, is a resident of the other Contracting State and is temporarily present in the first-mentioned Contracting State for a period not exceeding two years for the purpose of study, research or training solely as a recipient of a grant, allowance or award from a scientific, educational, religious or charitable organisation or under a technical assistance programme entered into by the Government of one of the Contracting States shall be exempt from tax in the first-mentioned Contracting State on—

- (a) the amount of such grant, allowance or award; and
- (b) any remuneration for personal services rendered in the first-mentioned Contracting State.

Provided that such services are in connection with his study, research or training or are incidental thereto.

(3) An individual, who immediately before visiting one of the Contracting States, is a resident of the other Contracting State and is temporarily present in the first-mentioned Contracting State for a period not exceeding twelve months solely as an employee of, or under contract with, the Government or an enterprise of the second-mentioned Contracting State for the purpose of acquiring technical, professional or business experience shall be exempt from tax in the first-mentioned Contracting State on—

- (a) all remittances from the second-mentioned Contracting State for the purposes of his maintenance, education or training; and
- (b) any remuneration, so far as it is not in excess of 500 pounds sterling or 4,250 Malaysian dollars, as the case may be, for personal services rendered in the first-mentioned Contracting State.

Provided that such services are in connection with his studies or training or are incidental thereto.

ARTICLE 16

(1) Individuals who are residents of Singapore shall be entitled to the same personal allowances, reliefs and reductions for the purposes of United Kingdom tax as British subjects not resident in the United Kingdom.

(2) Individuals who are residents of the United Kingdom shall be entitled to the same personal allowances, reliefs and reductions for the purposes of Singapore tax as Singapore citizens not resident in Singapore.

ARTICLE 17

For the purposes of this Agreement—

- (a) dividends paid by a company which is a resident of one of the Contracting States shall be treated as income from sources within that Contracting State.

Provided that the competent authorities of the two Contracting States shall consult each other to devise appropriate rules in the event of any arrangement being made for the apportionment of dividends to profits taxed in Singapore and profits taxed in a third country;

- (b) interest paid by one of the Contracting States, including local governments thereof, or by an enterprise of one of the Contracting States, shall be treated as income from sources within that Contracting State, except that interest (other than that paid on indebtedness in connection with the purchase of ships or aircraft) which is paid—

- (i) by an enterprise of one of the Contracting States with a permanent establishment outside both Contracting States to a resident of the other Contracting State; or

- (ii) by an enterprise of one of the Contracting States with a permanent establishment in the other Contracting State;

on indebtedness incurred for the use of (or, in the case of a banking business, on deposits made with) the permanent establishment in the conduct of its trade or business and which is borne by that permanent establishment shall be treated as income from sources within the territory where the permanent establishment is situated;

- (c) royalties as defined in paragraph (2) of Article 8 shall be treated as income from sources within the Contracting State in which the property from which such royalties are derived is used;
- (d) profits derived from the alienation of any rights or properties from which royalties may be derived shall be treated as arising from sources within the Contracting State in which such rights or properties are used; and
- (e) royalties in respect of the operation of mines, oil wells, quarries or other places of extraction of natural resources shall be treated as derived from sources within the Contracting State in which such mines, oil wells, quarries or other places of extraction of natural resources are situated.

ARTICLE 18

(1) The laws of Singapore and the United Kingdom shall continue to govern the taxation of income arising in either Contracting State except where express provision to the contrary is made in this Agreement. Where income is subject to tax in both Contracting States, relief from double taxation shall be given in accordance with the following paragraphs of this Article.

(2)—(a) Subject to the provisions of the laws of Singapore regarding the allowance as a credit against Singapore tax of tax payable in any country other than Singapore and subject to sub-paragraph (c) of this paragraph, United Kingdom tax payable, whether directly or by deduction in respect of income from sources within the United Kingdom, shall be allowed as a credit against Singapore tax payable in respect of that income;

(b) where such income is an ordinary dividend paid before 6 April, 1966, by a company which is a resident of the United Kingdom, the credit shall take into account (in addition to any United Kingdom income tax appropriate to the dividend) the United Kingdom profits tax payable in respect of its profits by the company paying the dividend; and where it is a dividend paid on participating preference shares and representing both a dividend at the fixed rate to which the shares are entitled and an additional participation in profits, the United Kingdom profits tax so payable by the company shall likewise be taken into account in so far as the dividend exceeds that fixed rate;

(c) where such income is a dividend paid after 5 April, 1966, by a company which is a resident of the United Kingdom the credit shall take into account only United Kingdom tax chargeable specifically on the dividend other than the tax chargeable in respect of the profits or income of the company. Where, however, the dividend is paid to a company which is a resident of Singapore and which controls directly or indirectly not less than ten per cent. of the voting power in the United Kingdom company, the credit shall take into account (in addition to any United Kingdom income tax chargeable specifically on the dividend) the United Kingdom tax payable in respect of its profits by the company paying the dividend.

(3)—(a) Subject to the provisions of the laws of the United Kingdom regarding the allowance as a credit against United Kingdom tax, of tax payable in a territory outside the United Kingdom and subject to sub-paragraph (c) of this paragraph, Singapore tax payable whether directly or by deduction in respect of income from sources within Singapore, shall be allowed as a credit against the United Kingdom tax payable in respect of that income;

(b) where such income is an ordinary dividend paid before 6 April, 1966, by a company which is a resident of Singapore, the credit shall take into account (in addition to any Singapore tax appropriate to the dividend) the Singapore tax payable by the company in respect of its profits; and where it is a dividend paid on participating preference shares and representing both a dividend at the fixed rate to which the shares are entitled and an additional participation in profits, the Singapore tax so payable by the company shall likewise be taken into account in so far as the dividend exceeds that fixed rate;

(c) where such income is a dividend paid after 5 April, 1966, by a company which is a resident of Singapore the credit shall not take into account Singapore tax which is not chargeable specifically on the dividend but is tax (whether deducted from the dividend or not) chargeable in respect of the profits or income of the company paying the dividend. Where, however, the dividend is paid to a company which is a resident of the United Kingdom and which controls directly or indirectly not less than ten per cent. of the voting power in the Singapore company the credit shall take into account (in addition to any Singapore tax chargeable specifically on the dividend) the Singapore tax payable in respect of its profits by the company paying the dividend.

(4) For the purposes of paragraph (3) of this Article, the term "Singapore tax payable" shall be deemed to include—

(a) any amount which would have been payable as Singapore tax for any year but for an exemption or reduction of tax granted for that year or any part thereof under—

(i) sections 17 and 18 of the Pioneer Industries (Relief from Income Tax) Ordinance, 1959, of Singapore, so far as they were in force on, and have not been modified since, the date of the signature of this Agreement, or have been modified only in minor respects so as not to affect their general character; or

(ii) any other provision which may subsequently be made granting an exemption which is agreed by the competent authorities of the Contracting Governments to be of a substantially similar character, if it has not been modified thereafter or has been modified only in minor respects so as not to affect its general character; or

(b) in the case of any pioneer industrial royalties an amount not exceeding a sum equivalent to tax at a rate of twenty per cent. in respect of Singapore tax which would have been payable but for the exemption granted under the provisions of Article 8. For the purposes of this sub-paragraph the term "pioneer industrial royalties" means royalties as defined in paragraph (2) of Article 8 if and so long as they are payable by a pioneer enterprise for the purposes of the activities covered by its pioneer certificate during its tax relief period, and the terms "pioneer enterprise", "pioneer certificate" and "tax relief period" have the meanings which they respectively have under the Pioneer Industries (Relief from Income Tax) Ordinance, 1959, of Singapore.

(5) For the purposes of paragraphs (2) and (3) of this Article, remuneration or profits for personal (including professional) services shall be treated as derived from sources within the Contracting State in which are rendered the services for which such remuneration or profits are paid.

ARTICLE 19

The competent authorities of the Contracting States shall exchange such information (being information which is available under their respective taxation laws in the normal course of administration) as is necessary for carrying out the provisions of this Agreement or for the prevention of fraud or underpayment of tax by reasons other than fraud or for the administration of statutory provisions against legal avoidance in relation to the taxes which are the subject of this Agreement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than persons, including a court, concerned with the assessment and collection of those taxes or the determination of appeals in relation thereto. No information shall be exchanged which would disclose any trade secret or trade process.

ARTICLE 20

(1) Residents of one of the Contracting States shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which the residents of that other Contracting State in the same circumstances are or may be subjected.

(2) The taxation on a permanent establishment which an enterprise of one of the Contracting States has in the other Contracting State shall not be less favourably levied in that other Contracting State than the taxation levied on enterprises of that other Contracting State carrying on the same activities.

(3) Enterprises of one of the Contracting States, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the former Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the former Contracting State are or may be subjected.

(4) Nothing in this Article shall be construed as obliging the Government of either Contracting State to grant to persons not resident in its territory, any personal allowances, reliefs and reductions for tax purposes, which are, by law, available only to persons who are so resident, nor as restricting the deduction of United Kingdom income tax from dividends paid to a permanent establishment in the United Kingdom of a company which is a resident of Singapore.

(5) In this Article the term "taxation" means taxes which are the subject of this Agreement.

ARTICLE 21

(1) Where a taxpayer considers that the action of the taxation authorities of the Contracting Governments has resulted or will result in taxation contrary to the provisions of this Agreement, he shall be entitled to present his case to the Government of the Contracting State of which he is a resident. Should the taxpayer's claim be deemed worthy of consideration, the taxation authorities of the Government to which the claim is made shall endeavour to come to an agreement with the taxation authorities of the other Government with a view to a satisfactory adjustment.

(2) The taxation authorities of the Contracting States may communicate with each other directly for the purpose of giving effect to the provisions of this Agreement and for resolving any difficulty or doubt as to the application or interpretation of this Agreement. In particular, the taxation authorities may consult together to endeavour to resolve disputes arising out of the application of paragraph (2) of Article 4 or Article 5, or the determination of the source of particular items of income.

(3) Any amount which has been included in the profits of a United Kingdom enterprise in accordance with Article 5 shall not be charged to tax in Singapore.

(4) Where profits on which a United Kingdom enterprise has been charged to tax in the United Kingdom are also included in the profits of a Singapore enterprise in accordance with Article 5 the amount of such profits included in the profits of both enterprises shall be treated for the purpose of Article 18 as income from a source in Singapore of the United Kingdom enterprise and credit shall be given in the United Kingdom in respect of the tax chargeable in Singapore as a result of the inclusion of the said amount.

ARTICLE 22

(1) This Agreement may be extended, either in its entirety or with modifications, to any territory for whose international relations the United Kingdom is responsible and which imposes taxes substantially similar in character to those which are the subject of this Agreement, and any such extension shall take effect from such date and subject to such modifications and conditions (including, if necessary, conditions as to the entry into force and termination of such extension) as may be specified and agreed between the Contracting States.

(2) The termination by the United Kingdom or Singapore of this Agreement under Article 24 shall, unless otherwise expressly agreed by both Contracting States, terminate the application of this Agreement to any territory to which this Agreement has been extended under this Article.

ARTICLE 23

(1) This Agreement shall come into force on the date when the last of all such things shall have been done in Singapore and the United Kingdom as are necessary to give the Agreement the force of law in Singapore and the United Kingdom respectively, and shall thereupon have effect—

(a) in Singapore:

as respects income tax, for any year of assessment beginning on or after 1 January, 1966;

(b) in the United Kingdom:

- (i) as respects income tax, for any year of assessment beginning on or after 6 April, 1962;
- (ii) as respects surtax, for any year of assessment beginning on or after 6 April, 1961;
- (iii) as respects profits tax, for any chargeable accounting period beginning on or after 1 January, 1962, and for the unexpired portion of any chargeable accounting period current at that date;
- (iv) as respects corporation tax, for any financial year beginning on or after 1 April, 1964; and
- (v) as respects capital gains tax, for any year of assessment beginning on or after 6 April, 1965.

(2) Notwithstanding that this Agreement is expressed to come into operation as respects income tax in Singapore only in respect of the year of assessment 1966 and subsequent years of assessment, it is declared that Singapore either has or will give effect to the provisions of this Agreement in respect of the years of assessment 1962 to 1965 inclusive, by way of relief from tax pursuant to the power of the competent authority of Singapore.

ARTICLE 24

This Agreement shall continue in effect indefinitely, but either of the Contracting Governments may, on or before 30 June, in any calendar year not earlier than the year 1970, give to the other Contracting Government written notice of termination and, in such event, this Agreement shall cease to be effective—

(a) in Singapore:

as respects income tax, for any year of assessment beginning on or after 1 January, in the calendar year next following that in which such notice is given;

(b) in the United Kingdom:

- (i) as respects income tax, surtax and capital gains tax, for any year of assessment beginning on or after 6 April, in the calendar year next following that in which the notice is given;
- (ii) as respects corporation tax, for any financial year beginning on or after 1 April, in the calendar year next following that in which the notice is given.

IN WITNESS WHEREOF the undersigned, duly authorised thereto, have signed this Agreement.

DONE in duplicate at Singapore this 1st day of December of the year one thousand nine hundred and sixty-six.

*For the Government of
the Republic of Singapore:*

LIM KIM SAN

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

J. V. ROB

EXPLANATORY NOTE

(This Note is not part of the Order.)

The Agreement with Singapore scheduled to this Order replaces the Arrangement made in 1949(a) which was terminated, as regards United Kingdom income tax, from 6th April 1962.

As in the earlier Arrangement shipping and air transport profits, certain trading profits not arising through a permanent establishment, dividends, royalties, pensions (other than government pensions), purchased annuities and earnings of temporary business visitors are (subject to certain conditions) to be taxed only in the country of the taxpayer's residence. Government salaries are to be taxed in general by the paying government only. Payments made for the maintenance of visiting students are (subject to certain conditions) to be exempt in the country visited.

There are several new or substantially different provisions. Remuneration of visiting professors and teachers is to be taxed (subject to certain conditions) only in the country visited. A resident of either country who does not carry on business in the other country through a permanent establishment is to be exempt from tax there on capital gains. Residents of Singapore are to be entitled to the same personal allowances and reliefs as British subjects resident abroad, and residents of the United Kingdom are to be entitled to the same personal allowances and reliefs as Singapore citizens resident abroad. Where income continues to be taxable in both countries credit is to continue to be given by the country of the taxpayer's residence for the tax payable in the country of origin of the income, but in the case of dividends paid after 5th April 1966 credit for the tax on the profits out of which the dividend is paid is to be given only where the recipient of the dividend is a company which holds not less than 10 per cent of the voting power in the paying company.

There is a provision designed to prevent the frustration of certain tax reliefs granted in Singapore in order to encourage development there. Under this provision, credit against United Kingdom tax is to be given to a United Kingdom resident for tax which would have been chargeable in Singapore but for sections 17 and 18 of the Pioneer Industries (Relief from Income Tax) Ordinance 1959, or any later provision granting an exemption of substantially similar character. (The legislation cited authorises the exemption of profits of certain new industrial undertakings during a period of five years and the exemption of dividends paid out of those profits.) Credit is also to be given up to a rate not exceeding 20 per cent for Singapore tax which would have been chargeable but for Article 8 on patent, etc., royalties paid for the purpose of a pioneer undertaking during its tax holiday period.

In addition to a provision for exchange of information between the tax authorities of the two countries, which is similar to that in the earlier Arrangement, the Agreement includes provisions for consultation between those authorities to implement the provisions of the Agreement. There is also a new provision safeguarding residents and enterprises of one country against discriminatory taxation in the other country.

The Agreement is to take effect in the United Kingdom for corporation tax and capital gains tax for all years and for income tax, profits tax and surtax from the date on which the old Arrangement ceased to have effect.

(a) S.I. 1949/368 (1949 I, p. 2303).