



Treaty Series No. 75 (1961)

Exchange of Notes

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

extending to the Faroe Islands the Convention
of March 27, 1950 for the Avoidance of Double Taxation
and the Prevention of Fiscal Evasion with respect to
Taxes on Income

London, October 31, 1960

*Presented to Parliament by the Secretary of State for Foreign Affairs
by Command of Her Majesty
September 1961*

LONDON
HER MAJESTY'S STATIONERY OFFICE
FOURPENCE NET

EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE KINGDOM OF DENMARK EXTENDING TO THE FAROE ISLANDS 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

The Danish Ambassador at London to the Secretary of State for Foreign Affairs

Ref. 30. D. 15

No. 495/1960

Royal Danish Embassy,

London, 31st October, 1960.

My Lord,

I have the honour to refer to the Convention between the Kingdom of Denmark and 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⁽¹⁾, signed at London on the 27th of March, 1950, and to inform Your Lordship that my Government have expressed the desire that the said Convention shall be extended to the Faroe Islands.

I now have the honour to propose, acting on the instructions of the Government of the Kingdom of Denmark, that, in accordance with the provisions of Article XX of the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the aforementioned Convention be extended to the Faroe Islands in the following manner:—

- (1) Notwithstanding paragraph 1 (b) of Article II of the said Convention, the Convention shall apply also to the Faroe Islands except where the context otherwise requires,
 - (a) as if the taxes concerned in the case of the Faroe Islands were the Faroese tax corresponding to the Danish national income tax (the Faroese "Landsskat") (hereinafter referred to as "Faroese tax") and in the case of the United Kingdom of Great Britain and Northern Ireland the income tax (including surtax) and the profits tax; and
 - (b) as if the reference to "the date of signature of the present Convention" were a reference to the date of the present Exchange of Notes.
- (2) The present extension shall come into force when the last of those measures shall have been taken in the United Kingdom necessary to give the extension the force of law in the United Kingdom, and shall thereupon have effect—

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

(a) in the United Kingdom :

as respects income tax (including surtax) for any year of assessment beginning on or after the 6th of April, 1958; as respects profits tax in respect of the following profits—

- (i) profits by reference to which income tax is, or but for the present application of the Convention would be, chargeable for any year of assessment beginning on or after the 6th of April, 1958;
- (ii) other profits being profits by reference to which income tax is not chargeable, but which arise in any chargeable accounting period beginning on or after the 1st of April, 1958, or are attributable to so much of any chargeable accounting period falling partly before and partly after that date as falls after that date;

(b) in the Faroe Islands :

as respects Faroese tax for any taxation year beginning on or after the 1st of April, 1958.

- (3) The Government of the United Kingdom shall inform the Government of the Kingdom of Denmark in writing when the last of the measures necessary, as indicated in paragraph (2) above, have been taken in the United Kingdom⁽²⁾.
- (4) The present extension shall remain in force indefinitely and shall continue to remain in force notwithstanding that the Convention may have been terminated by either of the High Contracting Parties in accordance with Article XXII thereof. Either High Contracting Party may, however, on or before the 30th of June in any calendar year not earlier than the year 1961, give to the other through the diplomatic channel written notice of termination of the present extension, and in such event it shall cease to have effect—

(a) in the United Kingdom :

as respects income tax (including surtax) for any year of assessment beginning on or after the 6th of April in the calendar year next following that in which the notice is given; as respects profits tax in respect of the following profits:—

- (i) profits by reference to which income tax is chargeable for any year of assessment beginning on or after the 6th of April in the calendar year next following that in which the notice is given;
- (ii) other profits being profits by reference to which income tax is not chargeable, but which arise in any chargeable accounting period beginning on or after the 1st of April in the next following calendar year or are attributable to so much of any chargeable accounting period falling partly before and partly after that date as falls after that date;

(b) in the Faroe Islands :

as respects Faroese 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⁾ By a Note dated April 19, 1961, the Government of the United Kingdom informed the Danish Government that the necessary measures had been taken.

If the foregoing proposal is acceptable to the Government of the United Kingdom, I have the honour to suggest that the present Note and Your Lordship's reply to that effect should be regarded as constituting an Exchange of Notes as provided for in paragraph 1 of Article XX of the above-mentioned Convention, and as placing on record the Agreement reached between the two Governments in this matter.

I have, &c.

STEENSEN-LETH.

No. 2

*The Secretary of State for Foreign Affairs to the Danish Ambassador
at London*

Your Excellency, *Foreign Office, S.W. 1,
October 31, 1960.*

I have the honour to refer to Your Excellency's Note No. 495 of the 31st of October, 1960, which reads as follows:—

[As in No. 1]

I have the honour to confirm that the above proposal is acceptable to Her Majesty's Government, and agree that your Note and my present reply thereto should be regarded as constituting the Exchange of Notes referred to in paragraph 1 of Article XX of the above-mentioned Convention and as placing on record the Agreement reached between the two Governments in this matter.

I have, &c.

(For the Secretary of State)

R. D. C. McALPINE.

Printed in England and published by
HER MAJESTY'S STATIONERY OFFICE