



Treaty Series No. 75 (1959)

# Exchange of Notes

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

extending to the Federation of Rhodesia and  
Nyasaland and to Kenya, Uganda,  
Tanganyika and Zanzibar the  
Convention of March 30, 1949, for the Avoidance  
of Double Taxation and the Prevention  
of Fiscal Evasion with respect to  
Taxes on Income

Stockholm, May 28, 1958

*Presented to Parliament by the Secretary of State for Foreign Affairs  
by Command of Her Majesty  
November 1959*

LONDON  
HER MAJESTY'S STATIONERY OFFICE

SIXPENCE NET

**EXCHANGE OF NOTES BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF SWEDEN EXTENDING TO THE FEDERATION OF RHODESIA AND NYASALAND AND TO KENYA, UGANDA, TANGANYIKA AND ZANZIBAR THE ANGLO-SWEDISH DOUBLE TAXATION CONVENTION OF MARCH 30, 1949**

No. 1

*Her Majesty's Ambassador at Stockholm to the Swedish Minister for Foreign Affairs*

*British Embassy, Stockholm,*

Your Excellency,

*May 28, 1958.*

I am instructed by Her Majesty's Principal Secretary of State for Foreign Affairs to refer to the Convention between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed at London on the 30th of March, 1949.<sup>(1)</sup>

I have the honour to propose on behalf of the Government of the United Kingdom that, in accordance with the provisions of Article XXIII, the above-mentioned Convention should be extended to the territories named in the Annex to the present Note in the manner, subject to the modifications, and with effect from the dates, specified therein.

If the foregoing proposal is acceptable to the Swedish Government, I have the honour to suggest that the present Note with its Annex, and Your Excellency's reply to that effect, should be regarded as constituting the agreement reached between the two Governments in this matter.

I avail, &c.      3

R. M. A. HANKEY.

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<sup>(1)</sup> "Treaty Series No. 63 (1949)," Cmd. 7800.

ANNEX

I.—Table of Territories to which the Convention of the 30th of March, 1949, for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income is to be extended in accordance with Article XXIII of the said Convention subject to the conditions set out in paragraphs II and III of this Annex.

Column (1)	Column (2)	Column (3)
Kenya ... ..	The Income Tax (including Sur-tax) and the Personal Tax	1st January, 1955
Rhodesia and Nyasaland, Federation of ...	The Income Tax, Supertax and Undistributed Profits Tax	1st April, 1955
Tanganyika ... ..	The Income Tax (including Sur-tax) and the Non-Native Poll Tax or Personal Tax	1st January, 1955
Uganda ... ..	The Income Tax (including Sur-tax) and the Non-African Poll Tax	1st January, 1955
Zanzibar ... ..	The Income Tax (including Sur-tax)	1st January, 1955

II.—Application

(a) The said Convention as modified by the present Annex shall apply in the case of each territory mentioned in Column (1) of the above Table:—

- (1) as if the Contracting Parties were the Government of Sweden and the Government of that territory;
- (2) as if the taxes concerned in the case of each territory were those mentioned opposite the name of that territory in Column (2) of the above Table;
- (3) as if references to "the date of signature of the present Convention" were references to the date of the Exchange of Notes to which the present Annex is appended.

(b) When the last of those measures shall have been taken in Sweden and in any territory named in the above Table necessary to give the present extension the force of law in Sweden and in such territory, respectively, the present extension shall have effect—

- (1) in Sweden:
  - as respects tax on income for which preliminary tax is payable after the 29th of February, 1956;
  - as respects coupon tax payable on or after the 1st of January, 1956;
  - as respects capital tax assessed in or after the calendar year 1957;
- (2) in such territory: as respects tax for the year, year of assessment or year of income beginning on the date specified opposite its name in Column (3) of the above Table and for subsequent years, years of assessment or years of income.

(c) The Government of Sweden shall inform the Government of the United Kingdom in writing when the last of the measures necessary, as indicated in paragraph (b), have been taken in Sweden. The Government of the United Kingdom shall inform the Government of Sweden in writing when

the last of the measures necessary, as indicated in paragraph (b), have been taken in all or any of the territories named in the above Table.<sup>(2)</sup>

(d) The present extension shall continue in effect indefinitely but either of the Contracting Parties may, on or before the 30th of June in any calendar year not earlier than the year 1960, give to the other Contracting Party through the diplomatic channel written notice of termination which may apply to any or all of the territories named in the above Table and in such event the present extension shall cease to have effect—

(1) in Sweden:

as respects tax on income for which preliminary tax is payable after the last day of February in the calendar year next following that in which the notice is given;

as respects coupon tax payable on or after the 1st of January in the calendar year next following that in which the notice is given;

as respects capital tax assessed in or after the second calendar year next following that in which the notice is given;

(2) in such of the territories named in the above Table as are concerned: as respects tax for any year, year of assessment or year of income beginning on or after the 1st of January in the calendar year in which the notice is given.

### III.—*Modifications*

The said Convention as modified by the present Annex shall apply—

(a) for the purposes of the extension to Kenya, Tanganyika, Uganda and Zanzibar, with the following exceptions:—

(1) The following words shall be inserted at the end of sub-paragraph (c) of paragraph (1) of Article II:—

“but shall not include any tax which is payable in respect of any default or omission in relation to the taxes to which this Convention as extended applies or which represents a penalty imposed under the law of the territory concerned relating to those taxes”;

(2) The following sub-paragraph shall be substituted for sub-paragraph (i) of paragraph (1) of Article II:—

“(i) The term ‘industrial or commercial profits’ does not include income in the form of dividends, interest, rents or royalties (other than rents or royalties in respect of cinematograph films), management charges or remuneration for personal services”;

(3) Sub-paragraph (j) of paragraph (1) of Article II shall be amended by deleting

(i) the full stop after the word “exploitation,” and (ii) the words “It also includes a place where building construction is carried on by contract for a period of at least one year”;

(4) Nothing in paragraph (2) of Article III shall affect any provisions of the law of those territories regarding the taxation of income from the business of insurance;

(2) By notifications dated July 27, 1959, and September 21, 1959, respectively, the United Kingdom Government informed the Swedish Government that these measures had been taken in the Federation of Rhodesia and Nyasaland and in the East African High Commission territories of Kenya, Tanganyika, Uganda and Zanzibar.

By a similar notification dated October 5, 1959, the Swedish Government informed the United Kingdom Government that the necessary measures had been taken in Sweden.

(5) The following words shall be inserted at the end of paragraph (3) of Article III:—

“and the profits so attributed shall be deemed to be income derived from sources in that other territory”;

(6) Paragraph (4) of Article III shall be deleted;

(7) The following Article shall be substituted for Article V:—

“ARTICLE V

If the industrial and commercial profits of a company which is a resident of Sweden become chargeable to a form of [United Kingdom] tax under which, in the case of companies which are residents of [the United Kingdom], the undistributed or undistributable income is charged to tax at a lower rate than the distributed or distributable income of such companies, these industrial and commercial profits shall be charged to [United Kingdom] tax only at the lower rate.”;

(8) Articles VIII, XVI and XVIII shall be deleted;

(9) Article XX shall be amended as follows:—

(i) by deleting the words “or for the prevention of fraud or for the administration of statutory provisions against legal avoidance”;

(ii) by inserting after “assessment and collection of” the words “or the hearing of appeals in relation to”;

(b) for the purposes of the extension to the Federation of Rhodesia and Nyasaland, with the following exceptions:—

(1) In Article VII (1) (a), for the words “shall be exempt from United Kingdom sur-tax” there shall be substituted “shall be exempt from Federal supertax”;

(2) Article XIII shall apply to remuneration including pensions paid by, or out of funds created by, the Government of each of the Territories constituting the Federation to any individual in respect of services rendered to that Government in the discharge of governmental functions as it applies to similar payments by, or out of funds created by, the Government of the Federation;

(3) In the proviso to Article XIX (2), for the words “after deduction of United Kingdom income tax” there shall be substituted “after deduction of Federal income tax and of the Territorial Surcharge charged in Northern Rhodesia, Nyasaland and Southern Rhodesia.”

No. 2

*The Swedish Minister for Foreign Affairs to Her Majesty's Ambassador at Stockholm*

*Stockholm,*

*May 28, 1958.*

Your Excellency,

I have the honour to acknowledge receipt of Your Excellency's Note of May 28, 1958, which reads as follows:—

[As in No. 1]

In reply, I have the honour to state that the Government of Sweden considers that Your Excellency's Note with its Annex and the present reply to which a copy of the Annex is attached constitute an agreement between the two Governments.

I avail, &c.

ÖSTEN UNDEN.

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