

18. Whether the parent, or each of the parents, understands that an adoption order is irrevocable, and that the order if made will deprive him or her of all rights in respect of the maintenance and upbringing of the infant.
19. Where the originating application requests the Court to dispense with the consent of the parent, or either of the parents, on the ground that he or she cannot be found, what steps have been taken to trace him or her.

Given under the hand and official seal of the Governor and the hand of the Chief Justice at Nicosia, this 7th day of December, 1954.

E. HALLINAN,
Chief Justice.

(M.P. 2159/50.)

No. 708.

THE INCOME TAX LAW.

CAP. 297 AND LAWS 13 OF 1950, 8 OF 1951, 31 OF 1952 AND 13 OF 1953.

DOUBLE TAXATION RELIEF (TAXES ON INCOME).

ORDER IN COUNCIL No. 2723

MADE UNDER SECTION 46 (1).

Whereas it is provided by sub-section (1) of section 46 of the Income Tax Law that if the Governor in Council by Order declares that arrangements specified in the Order have been made with the Government of any territory outside the Colony with a view to affording relief from Double Taxation in relation to Income Tax and any tax of a similar character imposed by the laws of that territory, and that it is expedient that those arrangements should have effect, the arrangements shall have effect in relation to Income Tax notwithstanding anything in any enactment ;

And whereas by a Convention dated the 30th day of March, 1949, between His Majesty in respect of the United Kingdom and His Majesty the King of Sweden, arrangements were made among other things for the avoidance of Double Taxation ;

And whereas provision is made in the said Convention for the extension by means of an exchange of notes between the High Contracting Parties of the said Convention, subject to such modifications and conditions (including conditions as to termination) as may be specified in the exchange of notes, to any territory, for whose foreign relations the United Kingdom is responsible, which imposes taxes substantially similar in character to those which are the subject of the said Convention ;

And whereas by a notification dated the 18th day of December, 1953, the said Convention with certain modifications was applied to the Colony :

Now, therefore, in exercise of the powers vested in the Governor in Council by section 46 (1) of the Income Tax Law, His Excellency the Governor, with the advice of the Executive Council, has been pleased to order as follows :—

1. This Order may be cited as the Double Taxation Relief (Taxes on Income) (Sweden) Order, 1954.

2. It is hereby declared—

(a) that the arrangements specified in the First Schedule to this Order, as modified by the provisions of the Second Schedule to this Order have been made with the Government of Sweden ;

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

Cap. 297.
13 of 1950
8 of 1951
31 of 1952
13 of 1953.

FIRST SCHEDULE.

CONVENTION BETWEEN HIS MAJESTY IN RESPECT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND HIS MAJESTY THE KING OF SWEDEN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME.

London, 30th March, 1949.

His Majesty The King of Great Britain, Ireland and the British Dominions beyond the Seas and His Majesty the King of Sweden,

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

Have appointed for that purpose as their Plenipotentiaries :

His Majesty The King of Great Britain, Ireland and the British Dominions beyond the Seas :

For the United Kingdom of Great Britain and Northern Ireland :

Sir William Strang, K.C.B., K.C.M.G., M.B.E., Permanent Under-Secretary of State for Foreign Affairs ;

His Majesty the King of Sweden :

His Excellency Monsieur Bo Gunnar Richardsson Hägglöf, His Majesty's Ambassador Extraordinary and Plenipotentiary in London ;

Who, having exhibited their respective full powers, found in good and due form, have agreed as follows :—

ARTICLE I.

1. The taxes which are the subject of the present Convention are :—

(a) In Sweden :

The State income tax (including coupon tax) and the tax on the undistributed profits of companies (Ersättningsskatt), and, for the purposes of Articles XXII, paragraph (3), and XXIII to XXV inclusive, the State capital tax (hereinafter referred to as "Swedish tax").

(b) In the United Kingdom of Great Britain and Northern Ireland :

The income tax (including sur-tax) and the profits tax (hereinafter referred to as "United Kingdom tax").

2. The present Convention shall also apply to any other taxes of a substantially similar character imposed in the United Kingdom or Sweden subsequently to the date of signature of the present Convention.

ARTICLE II.

1. In the present Convention, unless the context otherwise requires—

(a) The term "United Kingdom" means Great Britain and Northern Ireland, excluding the Channel Islands and the Isle of Man ;

(b) The terms "one of the territories" and "the other territory" mean the United Kingdom or Sweden, as the context requires ;

(c) The term "tax" means United Kingdom tax or Swedish tax, as the context requires ;

(d) The term "person" includes any body of persons, corporate or not corporate ;

(e) The term "company" means any body corporate ;

(f) The terms "resident of the United Kingdom" and "resident of Sweden" mean respectively any person who is resident in the United Kingdom for the purposes of United Kingdom tax and not resident in Sweden for the purposes of Swedish tax, and any person

who is resident in Sweden for the purposes of Swedish tax and not resident in the United Kingdom for the purposes of United Kingdom tax ; 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 Sweden if it is incorporated under the laws of Sweden and its business is not managed and controlled in the United Kingdom, or if it is not so incorporated but its business is managed and controlled in Sweden ;

- (g) 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 Sweden, as the context requires ;
- (h) The terms " United Kingdom enterprise " and " Swedish 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 Sweden, and the terms " enterprise of one of the territories " and " enterprise of the other territory " mean a United Kingdom enterprise or a Swedish enterprise, as the context requires ;
- (i) The term " industrial or commercial profits " includes rents or royalties in respect of cinematograph films ;
- (j) The term " permanent establishment," when used with respect to an enterprise of one of the territories, means a branch, management, factory, or other fixed place of business, a mine, quarry or any other place of natural resources subject to exploitation. It also includes a place where building construction is carried on by contract for a period of at least one year, but does not include an agency unless the agent has, and habitually exercises, a general authority to negotiate and conclude contracts on behalf of the enterprise or has a stock of merchandise from which he regularly fills orders on its behalf. In this connexion—
 - (i) 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.
 - (ii) 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.
 - (iii) 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 carries on a trade or business 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 Convention 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 in 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 Convention in the first-mentioned territory shall apply only to the amount so remitted or received.

3. In the application of the provisions of the present Convention by one of the High Contracting Parties any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws in force in the territory of that Party relating to the taxes which are the subject of the present Convention.

ARTICLE III.

1. The industrial or commercial profits of a United Kingdom enterprise shall not be subject to Swedish tax unless the enterprise carries on a trade or business in Sweden through a permanent establishment situated therein. If it carries on a trade or business as aforesaid, tax may be imposed on those profits by Sweden, but only on so much of them as is attributable to that permanent establishment.

2. The industrial or commercial profits of a Swedish enterprise shall not be subject to United Kingdom tax unless the enterprise carries on a trade or business in the United Kingdom through a permanent establishment situated therein. If it carries on a trade or business as aforesaid, tax may be imposed on those profits by the United Kingdom, but only on so much of them as is attributable to that permanent establishment.

3. Where an enterprise of one of the territories carries on a trade or business in the other territory through a permanent establishment situated therein, there shall be attributed to that permanent establishment the industrial or commercial profits which it might be expected to derive in that other territory if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing at arm's length with the enterprise of which it is a permanent establishment.

4. Where an enterprise of one of the territories derives profits, under contracts concluded in that territory, from sales of goods or merchandise stocked in a warehouse in the other territory for convenience of delivery and not for purposes of display, those profits shall not be attributed to a permanent establishment of the enterprise in that other territory.

5. No portion of any profits arising to an enterprise of one of the territories shall be attributed to a permanent establishment situated in the other territory by reason of the mere purchase of goods or merchandise within that other territory by the enterprise.

ARTICLE IV.

Where—

- (a) an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory ; or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the territories and an enterprise of the other territory ;

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 V.

1. The industrial and commercial profits of a Swedish enterprise shall, so long as undistributed profits of United Kingdom enterprises are effectively charged to United Kingdom profits tax at a lower rate than distributed profits of such enterprises, be charged to United Kingdom profits tax only at that lower rate.

2. Where a company which is a resident of Sweden controls, directly or indirectly, not less than 50 per cent. of the entire voting power of a company which is a resident of the United Kingdom, distributions by the latter company to the former company shall be left out of account in computing United Kingdom profits tax effectively chargeable on the latter company at the rate appropriate to distributed profits.

ARTICLE VI.

Notwithstanding the provisions of Articles III, IV and V, profits which a resident of one of the territories derives from operating ships or aircraft shall be exempt from tax in the other territory.

ARTICLE VII.

1.—(a) Dividends paid by a company which is a resident of the United Kingdom to a resident of Sweden, who is subject to tax in Sweden in respect thereof and does not carry on a trade or business in the United Kingdom through a permanent establishment situated therein, shall be exempt from United Kingdom sur-tax.

(b) The Swedish coupon tax on dividends paid by a company which is a resident of Sweden to a resident of the United Kingdom, who is subject to tax in the United Kingdom in respect thereof and does not carry on a trade or business in Sweden through a permanent establishment situated therein, shall not exceed 5 per cent.:

Provided that where the resident of the United Kingdom is a company which controls, directly or indirectly, not less than 50 per cent. of the entire voting power of the company paying the dividends, the dividends shall be exempt from coupon tax.

2. Where a company which is a resident of one of the territories derives profits or income from sources within the other territory, there shall not be imposed in that other territory any form of taxation on dividends paid by the company to persons not resident in that other territory, or any tax in the nature of 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.

ARTICLE VIII.

1. Any interest derived from sources within one of the territories by a resident of the other territory who is subject to tax in that other territory in respect thereof and does not carry on a trade or business in the first-mentioned territory through a permanent establishment situated therein, shall be exempt from tax in that first-mentioned territory.

2. In this Article, the term "interest" includes interest on bonds, securities, notes, debentures or any other form of indebtedness.

3. Where any interest exceeds a fair and reasonable consideration in respect of the indebtedness for which it is paid, the exemption provided by the present Article shall apply only to so much of the interest as represents such fair and reasonable consideration.

ARTICLE IX.

1. Any royalty derived from sources within one of the territories by a resident of the other territory, who is subject to tax in that other territory in respect thereof and does not carry on a trade or business in the first-mentioned territory through a permanent establishment situated therein, shall be exempt from tax in that first-mentioned territory.

2. In this Article, the term "royalty" means any royalty or other amount paid as consideration for the use of, or for the privilege of using, any copyright, patent, design, secret process or formula, trade-mark, or other like property, but does not include any royalty or other amount paid in respect of the operation of a mine or quarry or of any other extraction of natural resources.

3. Where any royalty exceeds a fair and reasonable consideration in respect of the rights for which it is paid, the exemption provided by the present Article shall apply only to so much of the royalty as represents such fair and reasonable consideration.