No. 9341

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND and LUXEMBOURG

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital. Signed at London, on 24 May 1967

Official texts : English and French.

Registered by the United Kingdom of Great Britain and Northern Ireland on 10 December 1968.

ROYAUME-UNI DE GRANDE-BRETAGNE ET D'IRLANDE DU NORD et LUXEMBOURG

Convention tendant à éviter les doubles impositions et à prévenir l'évasion fiscale en matière d'impôts sur le revenu et la fortune. Signé à Londres, le 24 mai 1967

Textes officiels anglais et français.

Enregistrés par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 10 décembre 1968.

No. 9341. CONVENTION BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GRAND DUCHY OF LUXEMBOURG FOR THE ADVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL. SIGNED AT LONDON, ON 24 MAY 1967

The United Kingdom of Great Britain and Northern Ireland and the Grand Duchy of Luxembourg ;

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

Have agreed as follows :

Article I

This Convention shall apply to persons who are residents of one or both of the Contracting States.

Article II

(1) The taxes which are the subject of this Convention are :

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

(i) the income tax (including surtax) ;

(ii) the corporation tax ; and

(iii) the capital gains tax

(hereinafter referred to as " United Kingdom tax ").

(*b*) In Luxembourg :

(i) the income tax on individuals *(l'impôt sur le revenu des personnes physiques) ;*

(ii) the tax on fees of directors of companies *(l'impôt sur les tantièmes) ;*

(iii) the corporation tax *(l'impôt sur le revenu des collectivités) ;*

(iv) the capital tax *(l'impôt sur la fortune) ;* and

[1] Came into force on 3 July 1968, the date of the exchange of the instruments of ratification which took place at Luxembourg, in accordance with article XXXII (2).

(v) the communal trade tax on profits and capital *(l'impôt commercial communal d'après les bénéfices et capital d'exploitation)*

(hereinafter referred to as " Luxembourg tax ").

(2) The Convention shall also apply to any identical or substantially similar taxes which are subsequently imposed in addition to, or in place of, the existing taxes.

Article III

(1) In this Convention, unless the context otherwise requires :

(*a*) the term " United Kingdom " means Great Britain and Northern Ireland, including any area outside the territorial sea of the United Kingdom which has been or may hereafter be 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 ;

(*b*) the term " Luxembourg " means the Grand Duchy of Luxembourg ;

(*c*) the terms " a Contracting State " and " the other Contracting State " mean the United Kingdom or Luxembourg, as the context requires ;

(*d*) the term " competent authority " means, in the case of Luxembourg, the *Ministre du Trésor* or his authorised representative ; in the case of the United Kingdom, the Commissioners of Inland Revenue or their authorised representative ; and, in the case of any territory to which the Convention is extended under Article XXXI, the competent authority for the administration in such territory of the taxes to which the Convention applies ;

(*e*) the term " tax " means United Kingdom tax or Luxembourg tax, as the context requires ;

(*f*) the term " person " comprises an individual, a company and any other body of persons ;

(*g*) the term " company " means any body corporate or any entity which is treated as a body corporate for tax purposes ;

(*h*) the terms " enterprise of a Contracting State " and " enterprise of the other Contracting State " mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State ;

(*i*) the term " profits of an enterprise " includes rents or royalties in respect of cinematograph including television films ;

(*j*) the term " international traffic " includes traffic between places in any State in the course of a voyage which extends over two or more States.

(2) Where under the Convention a person is entitled to exemption or relief from tax in a Contracting State on certain income if (with or without further conditions) he is subject to tax in the other Contracting State in respect thereof and he is subject to tax there by reference to the amount of that income which is remitted to, or received in, that other Contracting State, the amount of that income on which exemption or relief is to be allowed in the first-mentioned Contracting State shall be limited to the amount so remitted or received.

(3) As regards the application of the Convention by a Contracting State 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 the Convention.

Article IV

(1) For the purposes of this Convention, the term " resident of a Contracting State " means any person who, under the law of that State, is liable to taxation therein by reason of his domicile, residence, place of management or any other criterion of a similar nature.

(2) Where by reason of the provisions of paragraph (1) an individual is a resident of both Contracting States, then this case shall be determined in accordance with the following rules :

(*a*) 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 (centre of vital interests) ;

(*b*) if the Contracting State in which he has his centre of vital interests 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 ;

(*c*) if he has an habitual abode in both Contracting States or in neither of them, he shall be deemed to be a resident of the Contracting State of which he is a national ;

(*d*) if he is a national of both Contracting States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

(3) Where by reason of the provisions of paragraph (1) 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 its place of effective management is situated.

Article V

(1) For the purposes of this Convention, the term " permanent establishment " means a fixed place of business in which the business of the enterprise is wholly or partly carried on.

(2) The term " permanent establishment " shall include especially :

(*a*) a place of management ;

(*b*) a branch ;

(*c*) an office ;

(*d*) a factory ;

(*e*) a workshop ;

(*f*) a mine, quarry or other place of extraction of natural resources ;

(*g*) a building site or construction or assembly project which exists for more than six months.

(3) The term "permanent establishment" shall not be deemed to include :

(*a*) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise ;

(*b*) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery ;

(*c*) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise ;

(*d*) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise ;

(*e*) 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.

(4) A person acting in a Contracting State on behalf of an enterprise of the other Contracting State — other than an agent of an independent