

No. 9655

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
SIERRA LEONE**

Agreement amending the Arrangement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (with Arrangement approved on 19 December 1947). Signed at Freetown on 18 March 1968

Authentic text : English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 24 June 1969.

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
SIERRA LEONE**

Accord amendant l'Arrangement tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu (avec Arrangement approuvé le 19 décembre 1947). Signé à Freetown le 18 mars 1968

Texte authentique : anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 24 juin 1969.

AGREEMENT¹ AMENDING THE ARRANGEMENT BETWEEN
THE GOVERNMENT OF THE UNITED KINGDOM OF
GREAT BRITAIN AND NORTHERN IRELAND AND
THE GOVERNMENT OF SIERRA LEONE FOR THE
AVOIDANCE OF DOUBLE TAXATION AND THE PRE-
VENTION OF FISCAL EVASION WITH RESPECT TO
TAXES ON INCOME

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Sierra Leone,

Desiring to amend the Arrangement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income in force between Her Majesty's Government and the Government of Sierra Leone immediately before 27 April, 1961,² when Sierra Leone attained fully responsible status and continued in force since that date between the Government of the United Kingdom and the Government of Sierra Leone (hereinafter referred to as "the Arrangement"),

Have agreed as follows :

Article 1

The Arrangement shall be amended—

- (a) by the deletion of paragraph 2 (1) (b) ;
- (b) by the substitution for the references therein to "the Colony", "Colonial enterprise" and "Colonial tax" of references to "Sierra Leone", "Sierra Leone enterprise" and "Sierra Leone tax" respectively ;
- (c) by the addition at the end of paragraph 6 of the following new sub-paragraph—

" (3) If the recipient of a dividend is a company which owns 10 per cent. or more of the class of shares in respect of which the dividend is paid then sub-paragraph (1) shall not apply to the dividend to the

¹ Came into force on 16 January 1969, the date when the last of all such things had been done in the two countries as were necessary to give the Agreement the force of law in the United Kingdom and Sierra Leone, respectively, in accordance with article 2 (1).

² See p. 34 of this volume.

extent that it can have been paid only out of the 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 sub-paragraph the term "relevant date" means the date on which the beneficial owner of the dividend became the owner of 10 per cent. or more of the class of shares in question. Provided that this sub-paragraph shall not apply if the beneficial owner 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 paragraph." ; and

(d) by the substitution for sub-paragraphs (1) and (2) of paragraph (13) of the following new sub-paragraphs—

"(1) Subject to the provisions of the law of the United Kingdom regarding the allowance as a credit against United Kingdom tax of tax payable in a territory outside the United Kingdom (which shall not affect the general principle hereof)—

(a) Sierra Leone tax payable under the laws of Sierra Leone and in accordance with this Arrangement, whether directly or by deduction, on profits or income from sources within Sierra Leone shall be allowed as a credit against any United Kingdom tax computed by reference to the same profits or income by reference to which the Sierra Leone tax is computed. Provided that in the case of a dividend the credit shall only take into account such tax in respect thereof as is additional to any tax payable by the company on the profits out of which the dividend is paid and is ultimately borne by the recipient without reference to any tax so payable.

(b) Where a company which is a resident of Sierra Leone pays a dividend to a company resident in the United Kingdom which controls directly or indirectly at least 10 per cent. of the voting power in the first-mentioned company, the credit shall take into account (in addition to any Sierra Leone tax for which credit may be allowed under (a) of this sub-paragraph) the Sierra Leone tax payable by that first-mentioned company in respect of the profits out of which such dividend is paid.

(2) Subject to the provisions of the law of Sierra Leone regarding the allowance as a credit against Sierra Leone tax of tax payable in a territory outside Sierra Leone (which shall not affect the general principle hereof)—

(a) United Kingdom tax payable under the laws of the United Kingdom and in accordance with this Arrangement, whether directly or by deduction, on profits or income from sources within the United Kingdom shall be allowed as a credit against any Sierra Leone tax computed by reference to the same profits or income by reference to which the United Kingdom tax is computed. Provided that in the case of a dividend the credit shall only take into account such tax in respect thereof as is additional to any tax payable by the company on the profits out of which the dividend is paid and is ultimately borne by the recipient without reference to any tax so payable.

(b) Where a company which is a resident of the United Kingdom pays a dividend to a company resident in Sierra Leone which controls directly or indirectly at least 10 per cent. of the voting power in the first-mentioned company, the credit shall take into account (in addition to any United Kingdom tax for which credit may be allowed under (a) of this sub-paragraph) the United Kingdom tax payable by that first-mentioned company in respect of the profits out of which such dividend is paid."

Article 2

(1) This Agreement shall enter into force when the last of all such things shall have been done in the United Kingdom and Sierra Leone as are necessary to give the Agreement the force of law in the United Kingdom and Sierra Leone respectively.

(2) Upon the entry into force of this Agreement in accordance with paragraph (1) the new sub-paragraph (3) of paragraph 6 of the Arrangement shall have effect immediately and the new sub-paragraphs (1) and (2) of paragraph 13 of the Arrangement shall have effect—

(a) in the United Kingdom :

(i) as respects income tax including surtax, for any year of assessment beginning on or after 6 April, 1968; and

(ii) as respects corporation tax, for any financial year beginning on or after 1 April, 1968 ;

(b) in Sierra Leone :

as respects income tax including surtax for any year of assessment beginning on or after 1 April, 1968.

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

DONE in duplicate at Freetown this 18th day of March, 1968.

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

S. J. G. FINGLAND

For the Government
of Sierra Leone:

A. T. JUXON-SMITH

ARRANGEMENT BETWEEN HIS MAJESTY'S GOVERNMENT AND THE GOVERNMENT OF
SIERRA LEONE FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION
OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME¹

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

(a) In the United Kingdom:

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

(b) In Sierra Leone:

The income tax, the duty on profits charged under the Concessions Ordinance, 1931, the diamond industry profit tax, and the profits tax charged under the Tonkolili Agreement Ordinance, 1937 (hereinafter referred to as "Colonial tax").

(2) This Arrangement shall also apply to any other taxes of a substantially similar character imposed in the United Kingdom or Sierra Leone after this Arrangement has come into force.

2. (1) In this Arrangement, 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 term "the Colony" means the Colony and Protectorate of Sierra Leone.

(c) The terms "one of the territories" and "the other territory" mean the United Kingdom or the Colony, as the context requires.

(d) The term "tax" means United Kingdom tax or Colonial tax, as the context requires.

(e) The term "person" includes any body of persons, corporate or not corporate.

(f) The term "company" includes any body corporate.

¹ This Arrangement was approved by an Order-in-Council dated on 19 December 1947.