No. 9656

UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
and
PORTUGAL

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Lisbon on 27 March 1968

Authentic texts: English and Portuguese.

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
PORTUGAL

Convention tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu. Signée à Lisbonne le 27 mars 1968

Textes authentiques : anglais et portugais.

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

CONVENTION[1] BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND PORTUGAL FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The United Kingdom of Great Britain and Northern Ireland and Portugal;

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

Have agreed as follows :

Article 1

PERSONS COVERED

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

Article 2

TAXES COVERED

(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 capital gains tax ; and

(iii) the corporation tax

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

(*b*) In Portugal :

(i) the property tax (*contribuição predial*) ;

(ii) the agricultural tax (*imposto sobre a indústria agrícola*) ;

(iii) the industrial tax (*contribuição industrial*) ;

(iv) the tax on income from movable capital (*imposto de capitais*) ;

(v) the professional tax (*imposto profissional*) ;

(vi) the complementary tax (*imposto complementar*) ;

(vii) the tax for overseas defence and development (*imposto para a defesa valorização do ultramar*) ;

[1] Came into force on 17 January 1969 by the exchange of the instruments of ratification, which took place at London, in accordance with article 28 (1).

(viii) the tax on capital gains (*imposto de mais-valias*) ;
(ix) any surcharges on the preceding taxes ; and
(x) other taxes charged by reference to the taxes referred to in heads (i) to (viii) for the benefit of local authorities and the corresponding surcharges

(hereinafter referred to as " Portuguese tax ").

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

Article 3

General Definitions

(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, in accordance with international law, 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 " Portugal " means European Portugal comprising the continental territory and the archipelagoes of Azores and Madeira and includes any area outside the territorial sea of Portugal which, in accordance with international law, has been or may hereafter be designated, under the law of Portugal concerning the Continental Shelf, as an area within which the rights of Portugal with respect to the sea bed and sub-soil and their natural resources may be exercised ;

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

(*d*) the term " competent authority " means, in the case of the United Kingdom, the Commissioners of Inland Revenue or their authorised representative ; in the case of Portugal, the Director-General of Taxation (*Director-Geral das Contribuições e Impostos*) or his authorised representative ;

(*e*) the term " tax " means United Kingdom tax or Portuguese 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 " international traffic " includes any voyage of a ship or aircraft other than a voyage solely between places in the Contracting State which is not the Contracting State of which a person deriving the profits of the operation of a ship or aircraft is a resident.

(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 4

RESIDENCE

(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, and the terms " resident of the United Kingdom " and " resident of Portugal " shall be construed accordingly.

(2) Where by reason of the provisions of paragraph (1) an individual is a resident of both Contracting States, then his status 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 5

PERMANENT ESTABLISHMENT

(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 twelve 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 ;