

No. 33266

**ESTONIA
and
UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND**

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital gains. Signed at London on 12 May 1994

Authentic texts: Estonian and English.

Registered by Estonia on 17 October 1996.

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

Convention tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu et sur les gains en capital. Signée à Londres le 12 mai 1994

Textes authentiques : estonien et anglais.

Enregistrée par l'Estonie le 17 octobre 1996.

CONVENTION¹ BETWEEN THE GOVERNMENT OF THE REPUBLIC OF ESTONIA AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL GAINS

The Government of the Republic of Estonia and the Government of the United Kingdom of Great Britain and Northern Ireland;

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 gains;

Have agreed as follows:

ARTICLE 1

Personal scope

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

ARTICLE 2

Taxes covered

(1) This Convention shall apply to taxes on income and on capital gains imposed on behalf of a Contracting State or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.

(2) There shall be regarded as taxes on income and on capital gains all taxes imposed on total income or on elements of income including taxes on gains from the alienation of movable or immovable property.

¹ Came into force on 19 December 1994 by notification, in accordance with article 30.

(3) The existing taxes to which the Convention shall apply are in particular:

(a) in the case of Estonia:

(i) the income tax (tulumaks);

(hereinafter referred to as "Estonian tax");

(b) in the case of the United Kingdom:

(i) the income tax;

(ii) the corporation tax; and

(iii) the capital gains tax;

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

(4) The Convention shall also apply to any identical or substantially similar taxes which are imposed after the date of signature of this Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any substantial changes which have been made in their respective taxation laws.

ARTICLE 3

General definitions

(1) For the purposes of this Convention, unless the context otherwise requires:

(a) the term "Estonia" means the Republic of Estonia and, when used in the geographical sense, means the territory of Estonia and any other area adjacent to the territorial waters of Estonia within which, under the laws of Estonia and in accordance with international law, the rights of Estonia may be exercised with respect to the sea bed and its sub-soil and their natural resources;

- (b) 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;
- (c) the term "national" means:
 - (i) in relation to Estonia, all individuals possessing the nationality of the Republic of Estonia; and any legal person, partnership or association deriving its status as such from the laws in force in the Republic of Estonia;
 - (ii) in relation to the United Kingdom, any British citizen, or any British subject not possessing the citizenship of any other Commonwealth country or territory, provided he has the right of abode in the United Kingdom; and any legal person, partnership, association or other entity deriving its status as such from the law in force in the United Kingdom;
- (d) the terms "a Contracting State" and "the other Contracting State" mean the United Kingdom or Estonia, as the context requires;
- (e) the term "person" includes an individual, a company and any other body of persons, but subject to paragraph (2) of this Article does not include a partnership;
- (f) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;
- (g) 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;

- (h) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
- (i) the term "competent authority" means:
 - (i) in the case of Estonia, the Minister of Finance or his authorised representative; and
 - (ii) in the case of the United Kingdom, the Commissioners of Inland Revenue or their authorised representative.

(2) A partnership deriving its status from Estonian law which is treated as a taxable unit under the law of Estonia shall be treated as a person for the purposes of this Convention.

(3) As regards the application of this Convention by a Contracting State any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State concerning the taxes to which the Convention applies.

ARTICLE 4

Residence

(1) For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management, place of incorporation or any other criterion of a similar nature; the term does not include any person who is liable to tax in that Contracting State only if he derives income or capital gains from sources therein.

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