

**AGREEMENT BETWEEN  
THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE 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 CAPITAL GAINS**

Date of Conclusion: 12 February 1997.

Entry into Force: 26 December 1997.

Effective Date: 1 April/6 April 1998 (UK); 1 January 1998 (Singapore).

NOTE

Singapore and the United Kingdom signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (commonly known as the “Multilateral Instrument” or in short, the “MLI”) on 7 June 2017. Singapore and the United Kingdom ratified the MLI on 21 December 2018 and 29 June 2018 respectively.

More information on the MLI is available at <https://www.iras.gov.sg/irashome/Quick-Links/International-Tax/Multilateral-Instrument/>.

The Income Tax (Singapore-United Kingdom) (Avoidance of Double Taxation Agreement) (Modifications to Implement Multilateral Instrument) Order 2019, which has entered into force on 1 April 2019, implements the applicable provisions of the MLI to the articles of this Agreement. For informational purposes, details of the amendments to this Agreement are shown in Annex A.

NOTE

The Protocol signed on 15 February 2012 has entered into force on 27 December 2012 and its provisions shall take effect from 1 April/6 April 2013 (UK); 1 January 2013 (Singapore).

The text of the Protocol signed on 15 February 2012 is shown in Annex B.

NOTE

The Protocol signed on 24 August 2009 has entered into force on 8 January 2011 and its provisions shall take effect from 8 January 2011.

The text of the Protocol signed on 24 August 2009 is shown in Annex C.

NOTE

There was an earlier Convention signed between the Government of the Republic of Singapore 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.

The text of this Convention which was signed on 1 December 1966 is shown in Annex D. This earlier Convention was amended by a Protocol signed on 21 July 1975 (as shown in Annex E).

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

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

Have agreed as follows:

## **ARTICLE 1 – PERSONAL SCOPE**

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

## ARTICLE 2 – TAXES COVERED

- (1) This Agreement shall apply to taxes on income and on capital gains imposed on behalf of a Contracting State, 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.
- (3) The existing taxes to which this Agreement shall apply are in particular:
  - (a) 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");
  - (b) in the case of Singapore:

the income tax;

(hereinafter referred to as "Singapore tax").
- (4) This Agreement shall also apply to any identical or substantially similar taxes which are imposed by either Contracting State after the date of signature of this Agreement 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 Agreement, 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 terms "Singapore" means the Republic of Singapore;
  - (c) the term "national" means:
    - (i) 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;
    - (ii) in relation to Singapore, any individual possessing the nationality of Singapore; and any legal person, partnership or association deriving its status as such from the law in force in Singapore;
  - (d) the terms "a Contracting State" and "the other Contracting State" mean the United Kingdom or Singapore, as the context requires;
  - (e) the term "person" includes an individual, a company and any other body of persons, but 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 the United Kingdom, the Commissioners of Inland Revenue or their authorised representative;
    - (ii) in the case of Singapore, the Minister for Finance or his authorised representative;
  - (j) the term "tax" means United Kingdom or Singapore tax as the context requires;

(k) the term "fiscal year" means, in relation to the United Kingdom, a year of assessment beginning on 6th April in one year and ending on 5th April in the following year and, in relation to Singapore, a calendar year.

(2) As regards the application of this Agreement 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 this Agreement applies.

#### **ARTICLE 4 – RESIDENCE**

(1) For the purposes of this Agreement, 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.

(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:

- (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 closer (centre of vital interests);
- (b) if the Contracting State in which he has his centre of vital interests cannot be determined, or if he does not have 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 of this Article 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 Agreement, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.
- (2) The term "permanent establishment" includes especially:
  - (a) a place of management;
  - (b) a branch;
  - (c) an office;
  - (d) a factory;
  - (e) a workshop;
  - (f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.
- (3) A building site or construction, assembly or installation project constitutes a permanent establishment only if it lasts more than six months.
- (4) An enterprise of a Contracting State shall be deemed to have a permanent establishment in the other Contracting State if:
  - (a) it carries on supervisory activities in that other Contracting State for more than six months in connection with a building site or construction, assembly or installation project which is being undertaken in that other Contracting State;
  - (b) it furnishes services, including consultancy services, through employees or other personnel or persons engaged by the enterprise for such purpose in that other Contracting State for a period or periods exceeding in the aggregate six months in any period of twelve months commencing or ending in the fiscal year concerned.
- (5) Notwithstanding the preceding provisions of this Article, the term "permanent establishment" shall be deemed not 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 of collecting information, for the enterprise;



- (e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;
- (f) the maintenance of a fixed place of business solely for any combination of activities mentioned in sub-paragraphs (a) to (e) of this paragraph, provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

(6) Notwithstanding the provisions of paragraphs 1 and 2 of this Article, where a person (other than an agent of an independent status to whom paragraph 7 of this Article applies) is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts on behalf of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such a person are limited to those mentioned in paragraph 5 of this Article which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

(7) An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that State through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business.

(8) The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

## **ARTICLE 6 – INCOME FROM IMMOVABLE PROPERTY**

(1) Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.

(2) The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships and aircraft shall not be regarded as immovable property.

(3) The provisions of paragraph 1 of this Article shall apply to income derived from the direct use, letting, or use in any other form of immovable property.

(4) The provisions of paragraphs 1 and 3 of this Article shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

## **ARTICLE 7 – BUSINESS PROFITS**

(1) The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.

(2) Subject to the provisions of paragraph 3 of this Article, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

(3) In determining the profits of a permanent establishment, there shall be allowed as deductions all expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses, which would be deductible if the permanent establishment were an independent enterprise in so far as they are reasonably allocable to the permanent establishment, whether incurred in the Contracting State in which the permanent establishment is situated or elsewhere.

(4) No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

(5) For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

(6) Where profits include items of income or capital gains which are dealt with separately in other Articles of this Agreement, then the provisions of those Articles shall not be affected by the provisions of this Article.

## **ARTICLE 8 – SHIPPING AND AIR TRANSPORT**

(1) Profits of an enterprise of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that State.

(2) For the purposes of this Article, profits from the operation of ships or aircraft in international traffic include:

- (a) profits from the rental on a bareboat basis of ships or aircraft; and
- (b) profits from the use, maintenance or rental of containers (including trailers and related equipment for the transport of containers) used for the transport of goods or merchandise;

where such rental or such use, maintenance or rental, as the case may be, is incidental to the operation of ships or aircraft in international traffic.

(3) Interest on funds connected with the operation of ships or aircraft in international traffic shall be regarded as profits derived from the operation of such ships or aircraft, and the provisions of Article 11 of this Agreement shall not apply to such interest.

(4) The provisions of paragraphs 1 and 2 of this Article shall also apply to profits from the participation in a pool, a joint business or an international operating agency, but only to so much of the profits so derived as is attributable to the participant in proportion to its share in the joint operation.

## **ARTICLE 9 – ASSOCIATED ENTERPRISES**

(1) Where:

- (a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State; or
- (b) the same person participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State;

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 by a Contracting State in the profits of that enterprise and taxed accordingly.

(2) Where a Contracting State includes in the profits of an enterprise of that State - and taxes accordingly - profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of tax charged therein on those profits. The competent authorities of the Contracting State shall consult each other in determining such adjustment with due regard being had to the other provisions of this Agreement.

## ARTICLE 10 – DIVIDENDS

(1) Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.

(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed:

- (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which controls, directly or indirectly, at least 10 per cent of the voting power in the company paying the dividends;
- (b) 15 per cent of the gross amount of the dividends in all other cases.

The provisions of this paragraph shall not affect the taxation of the company on the profits out of which the dividends are paid.

(3) Notwithstanding the provisions of paragraph 2 of this Article as long as Singapore does not impose a tax on dividends in addition to the tax chargeable on the profits or income of a company, dividends paid by a company which is a resident of Singapore to a resident of the United Kingdom shall be exempt from any tax in Singapore which may be chargeable on dividends in addition to the tax chargeable on the profits or income of the company. However, when Singapore imposes a tax on dividends in addition to the tax chargeable on the profits or income of a company, the rates as prescribed under the provisions of paragraph 2 of this Article shall apply.

(4) The term "dividends" as used in this Article means income from shares, or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights assimilated to income from shares by the taxation laws of the State of which the company making the distribution is a resident and also includes any other item which, under the laws of the Contracting State of which the company paying the dividends is a resident, is treated as a dividend or distribution of a company.

(5) The provisions of paragraphs 1 and 2 of this Article shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14 of this Agreement, as the case may be, shall apply.

(6) Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other State, nor subject the company's undistributed profits to a tax on undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in that other State.

(7) The provisions of this Article shall not apply if it was the main purpose or one of the main purposes of any person concerned with the creation or assignment of the shares or

other rights in respect of which the dividend is paid to take advantage of this Article by means of that creation or assignment.

(8) In the event that a resident of a Contracting State is denied relief from taxation in the other Contracting State by reason of the provisions of paragraph 7 of this Article, the competent authority of the other Contracting State shall notify the competent authority of the first-mentioned Contracting State.

## ARTICLE 11 – INTEREST

(1) Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

(2) However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest the tax so charged shall not exceed:

- (a) 15 per cent of the gross amount of the interest where the interest arises or accrues on or before 31st December 1999;
- (b) 10 per cent of the gross amount of the interest in any other case.

(3) Notwithstanding the provisions of paragraph 2 of this Article, interest arising in a Contracting State and paid to the Government of the other Contracting State shall be exempt from tax in the first-mentioned State.

(4) For the purposes of paragraph 3 of this Article, the term Government:

- (a) in the case of Singapore, means the Government of Singapore and shall include:
  - (i) the Monetary Authority of Singapore and the Board of Commissioners of Currency;
  - (ii) the Government of Singapore Investment Corporation Pte Ltd;
  - (iii) a statutory body; and
  - (iv) any institution wholly or mainly owned by the Government of Singapore as may be agreed from time to time between the competent authorities of the Contracting States;
- (b) in the case of United Kingdom, means the Government of the United Kingdom of Great Britain and Northern Ireland and shall include:
  - (i) the Bank of England;
  - (ii) the United Kingdom Export Credits Guarantee Department;
  - (iii) the Commonwealth Development Corporation; and
  - (iv) any institution wholly or mainly owned by the Government of the United Kingdom as may be agreed from time to time between the competent authorities of the Contracting States.

(5) The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures. The term "interest" shall not include any item which is treated as a distribution under the provisions of Article 10 of this Agreement.

(6) The provisions of paragraphs 1, 2 and 3 of this Article shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the



other Contracting State in which the interest arises, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14 of this Agreement, as the case may be, shall apply.

(7) Interest shall be deemed to arise in a Contracting State when the payer in that State itself, a political subdivision, a local authority, a statutory body or a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

(8) Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest paid exceeds, for whatever reason, the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount of interest. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

(9) The provisions of this Article shall not apply if it was the main purpose or one of the main purposes of any person concerned with the creation or assignment of the debt-claim in respect of which the interest is paid to take advantage of this Article by means of that creation or assignment.

(10) In the event that a resident of a Contracting State is denied relief from taxation in the other Contracting State by reason of the provisions of paragraph 9 of this Article, the competent authority of that other Contracting State shall notify the competent authority of the first-mentioned Contracting State.

## ARTICLE 12 – ROYALTIES

(1) Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

(2) However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the recipient is the beneficial owner of the royalties the tax so charged shall not exceed:

- (a) 15 per cent of the gross amount of the royalties where the royalties arise or accrue on or before 31st December 1999;
- (b) 10 per cent of the gross amount of the royalties in any other case.

(3) The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work (including cinematograph films, and films or tapes for radio or television broadcasting), any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information (know-how) concerning industrial, commercial or scientific experience.

(4) The provisions of paragraphs 1 and 2 of this Article shall likewise apply to sums derived from sources within one of the Contracting States by a resident of the other Contracting State from the alienation of any right or property from which royalties are or may be derived.

(5) The provisions of paragraphs 1, 2 and 4 of this Article shall not apply if the beneficial owner of the royalties or of the sums derived, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties or the sums arise, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid or the sums are derived is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14 of this Agreement, as the case may be, shall apply.

(6) Royalties shall be deemed to arise in a Contracting State where the payer is that State itself, a political subdivision, a local authority, a statutory body or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or fixed base in connection with which the obligation to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.

(7) Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties paid exceeds, for whatever reason, the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

(8) The provisions of this Article shall not apply if it was the main purpose or one of the main purposes of any person concerned with the creation or assignment of the rights in

respect of which the royalties are paid to take advantage of this Article by means of that creation or assignment.

(9) In the event that a resident of a Contracting State is denied relief from taxation in the other Contracting State by reason of the provisions of paragraph 8 of this Article, the competent authority of the other Contracting State shall notify the competent authority of the first-mentioned Contracting State.

## **ARTICLE 13 – CAPITAL GAINS**

(1) Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 of this Agreement and situated in the other Contracting State may be taxed in that other State.

(2) Gains derived by a resident of a Contracting State from the alienation of:

- (a) shares, other than shares traded on a recognised Stock Exchange, deriving at least three-quarters of their value directly or indirectly from immovable property situated in the other Contracting State, or
- (b) an interest in a partnership or trust the assets of which derive at least three-quarters of their value directly or indirectly from immovable property situated in the other Contracting State,

may be taxed in that other State.

For the purposes of sub-paragraph (b) of this paragraph, assets consisting of shares referred to in sub-paragraph (a) of this paragraph shall be regarded as immovable property.

(3) Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State.

(4) Gains derived by a resident of a Contracting State from the alienation of ships or aircraft operated in international traffic by an enterprise of that Contracting State or movable property pertaining to the operation of such ships or aircraft, shall be taxable only in that Contracting State.

(5) Gains from the alienation of any property other than that referred to in paragraphs 1, 2, 3 and 4 of this Article shall be taxable only in the Contracting State of which the alienator is a resident.

(6) The provisions of paragraph 5 of this Article shall not affect the right of a Contracting State to levy according to its law a tax on capital gains from the alienation of any property derived by an individual who is a national of that Contracting State and who is a resident of the other Contracting State and has been a resident of the first-mentioned Contracting State at any time during the five years immediately preceding the alienation of the property.

## **ARTICLE 14 – INDEPENDENT PERSONAL SERVICES**

(1) Income derived by a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that State unless:

- (a) he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities; or
- (b) he is present in that other Contracting State for a period or periods exceeding in the aggregate 183 days in any period of twelve months commencing or ending in the fiscal year concerned.

If he has such a fixed base or remains in that other Contracting State for the aforesaid period or periods, the income may be taxed in that other Contracting State but only so much of it as is attributable to that fixed base or is derived in that other Contracting State during the aforesaid period or periods.

(2) The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

## **ARTICLE 15 – DEPENDENT PERSONAL SERVICES**

(1) Subject to the provisions of Articles 16, 18, 19, 20 and 21 of this Agreement, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

(2) Notwithstanding the provisions of paragraph 1 of this Article, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:

- (a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in any twelve month period commencing or ending in the fiscal year concerned; and
- (b) the services are performed for or on behalf of a person who is a resident of the first-mentioned Contracting State; and
- (c) the remuneration is subject to tax in the first-mentioned Contracting State; and
- (d) the remuneration is not directly deductible from the profits for tax purposes of a permanent establishment or a fixed base in the other Contracting State.

(3) Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Contracting State shall be taxable only in that State unless the remuneration is derived by a resident of the other Contracting State.

## **ARTICLE 16 – DIRECTORS' FEES**

Directors' fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other State.

## **ARTICLE 17 – ARTISTES AND SPORTSMEN**

(1) Notwithstanding the provisions of Article 14 and Article 15 of this Agreement, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsman, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State.

(2) Where income in respect of or in connection with personal activities exercised by an entertainer or a sportsman accrues not to the entertainer or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15 of this Agreement, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.

(3) Notwithstanding the provisions of paragraphs 1 and 2 of this Article, income derived from activities as defined in paragraph 1 performed in a Contracting State by entertainers or sportsmen shall be exempt from tax in the Contracting State in which those activities are exercised if the visit to that Contracting State is wholly or substantially supported by public funds of the Government, a political subdivision, a local authority or a statutory body of the other Contracting State.



## **ARTICLE 18 – PENSIONS**

(1) Subject to the provisions of paragraph 2 of Article 19 of this Agreement:

- (a) pensions and other similar remuneration paid in consideration of past employment,
- (b) any payments made under the social security legislation of either Contracting State, and
- (c) any annuity paid,

to an individual who is a resident of a Contracting State, and is subject to tax in respect thereof in that State, shall be taxable only in that State.

(2) The term "annuity" means a stated sum payable to an individual periodically at stated times during his life or during a specified or ascertainable period of time under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

## ARTICLE 19 – GOVERNMENT SERVICE

- (1)
  - (a) Salaries, wages and other similar remuneration, other than a pension, paid by a Contracting State or a political subdivision or a local authority or a statutory body thereof to an individual in respect of services rendered to that State, subdivision, authority or body shall be taxable only in that State.
  - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State who:
    - (i) is a national of that State; or
    - (ii) did not become a resident of that State solely for the purpose of rendering the services.
- (2)
  - (a) Any pension paid by, or out of funds created by, a Contracting State or a political subdivision or a local authority or a statutory body thereof to an individual in respect of services rendered to that State, subdivision, authority or body shall be taxable only in that State.
  - (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, such pension shall be taxable only in the other Contracting State if the individual is a resident of and a national of that State.
- (3) The provisions of Articles 15, 16 and 18 of this Agreement shall apply to salaries, wages and other similar remuneration, and to pensions, in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or a local authority or a statutory body thereof.

## **ARTICLE 20 – STUDENTS AND TRAINEES**

(1) An individual who is or was a resident of a Contracting State immediately before making a visit to the other Contracting State and is temporarily present in the other State solely:

- (a) as a student at a recognised university, college, school or other similar recognised educational institution in that other State;
- (b) as a business or technical apprentice; or
- (c) as a recipient of a grant, allowance or award for the primary purpose of study, research or training from the Government of either State or from a scientific, educational, religious or charitable organisation or under a technical assistance programme entered into by the Government of either State,

shall be exempt from tax in that other State on the amounts specified in paragraph 2 of this Article.

(2) The amounts specified in this paragraph are:

- (a) all remittances from abroad for the purposes of his maintenance, education, study, research or training;
- (b) the amount of that grant, allowance or award; and
- (c) any remuneration not exceeding 2,200 pounds sterling or its equivalent in Singapore dollars, in any fiscal year in respect of services in that other State provided the services are performed in connection with his study, research or training or are necessary for the purposes of his maintenance.

## **ARTICLE 21 – TEACHERS**

An individual, who is a resident of one of the Contracting States immediately before making a visit to the other Contracting State, and who makes such visit at the invitation of the Government of that other Contracting State, or of a recognised university, college, school or other similar recognised educational institution in the other Contracting State, solely for the purpose of teaching at such educational institution for a period not exceeding two years shall be exempt from tax in the first-mentioned Contracting State on his remuneration for such teaching.

## **ARTICLE 22 – OTHER INCOME**

(1) Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Agreement, shall be taxable only in that State.

(2) The provisions of paragraph 1 of this Article shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6 of this Agreement, if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14 of this Agreement, as the case may be, shall apply.

(3) Notwithstanding the provisions of paragraphs 1 and 2 of this Article, items of income of a resident of a Contracting State not dealt with in the foregoing Articles of this Agreement and arising in the other Contracting State may be taxed in that other Contracting State.

## ARTICLE 23 – ELIMINATION OF DOUBLE TAXATION

- (1) (a) 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) and subject to sub-paragraph (b) of this paragraph, Singapore tax payable under the laws of Singapore and in accordance with this Agreement, whether directly or by deduction, on profits, income or chargeable gains from sources within Singapore shall be allowed as a credit against any United Kingdom tax computed by reference to the same profits, income or chargeable gains by reference to which the Singapore tax is computed.
- (b) Where such income is a dividend paid by a company which is a resident of Singapore 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. Where, however, the dividend is paid to a company which is a resident of the United Kingdom and which controls directly or indirectly at least 10 per cent of the voting power in the company paying the dividend, the credit shall take into account (in addition to any Singapore tax appropriate to the dividend) the Singapore tax payable in respect of its profits by the company paying the dividend.
- (2) (a) Subject to the provisions of the law of Singapore regarding the allowance as a credit against Singapore tax of tax payable in any country other than Singapore and sub-paragraph (b) of this paragraph, United Kingdom tax payable under the laws of the United Kingdom and in accordance with this Agreement, whether directly or by deduction, in respect of income from sources within the United Kingdom (excluding in the case of a dividend, tax payable in respect of the profits out of which the dividend is paid), shall be allowed as a credit against Singapore tax payable in respect of that income.
- (b) Where such income is a dividend paid by a company which is a resident of the United Kingdom, the credit shall take into account only United Kingdom tax chargeable specifically on the dividend other than the tax chargeable in respect of the profits or income of the company. Where, however, the dividend is paid to a company which is a resident of Singapore and which holds directly or indirectly not less than 10 per cent of the capital in the United Kingdom company, the credit shall take into account (in addition to any United Kingdom income tax chargeable specifically on the dividend) the United Kingdom tax payable in respect of profits out of which the dividend is paid.
- (3) For the purposes of paragraphs 1 and 2 of this Article, profits, income and capital gains owned by a resident of a Contracting State which may be taxed in the other Contracting State in accordance with this Agreement shall be deemed to arise from sources in that other Contracting State.
- (4) Subject to paragraph 5 of this Article, for the purpose of paragraph 1 of this Article the term "Singapore tax payable" shall be deemed to include any amount which would have been payable as Singapore tax in respect of profits or income for any year but for an exemption or reduction of tax granted for that year or any part thereof under any of the following provisions of Singapore law:
- (a) Parts II, III, IV, V and VI of the Economic Expansion Incentives (Relief from Income Tax) Act (1970 Edition) of Singapore so far as they were in force on

and were not modified after 21st July 1975 (being the date of signature of the Protocol amending the 1966 Agreement), or were modified only in minor respects so as not to affect their general character;

- (b) Parts II, IV, VI, VIII, IX and X of the Economic Expansions Incentives (Relief from Income Tax) Act (1994 Edition) of Singapore (hereinafter referred to as "the Act"), so far as they were in force on, and have not been modified since the date of signature of this Agreement, or have been modified only in minor respects so as not to affect their general character; or
- (c) any other provision which may subsequently be made granting an exemption or reduction of tax which is agreed by the competent authorities of the Contracting States to be of a substantially similar character to the provisions listed in sub-paragraph (b) of this paragraph, if it has not been modified thereafter or has been modified only in minor respect so as not to affect its general character.

Provided that where the relief is a relief accorded:

- (i) under Part VI of the Act or an earlier substantially similar provision, or any other provision agreed as of a substantially similar character to Part VI, it shall be taken into account for the purposes of this paragraph only if the enterprise qualifying for the relief could have been declared to be a "pioneer enterprise" under Part II of the Act or an earlier substantially similar provision or an "expanding enterprise" under Part IV of the Act or an earlier substantially similar provision;
  - (ii) under Part VIII of the Act or an earlier substantially similar provision, or any other provision agreed as of a substantially similar character to Part VIII, it shall be taken into account for the purposes of this paragraph only if the exemption or reduction of tax has been granted under Part VIII or an earlier substantially similar provision before the date of signature of this Agreement;
  - (iii) under Part IX of the Act or an earlier substantially similar provision, or any other provision agreed as of a substantially similar character to Part IX, it shall be taken into account for the purposes of this paragraph only if the relief claimed is in respect of approved royalties and, for the purpose of this sub-paragraph, the term "royalties" does not include sums described in paragraph 4 of Article 12 of this Agreement;
  - (iv) under Part X of the Act, or any other provision agreed as of a substantially similar character to Part X, it shall be taken into account for the purposes of this paragraph only if:
    - (aa) the relief claimed is in respect of expenditure other than expenditure incurred on the acquisition of any know-how or patent rights; and
    - (bb) the profits or income relieved from Singapore tax arise or accrue after the date of entry into force of this Agreement.
- (5) Relief from United Kingdom tax by virtue of paragraph 4 of this Article shall not be given where the profits or income from any source in respect of which tax would have been payable but for the exemption or reduction of tax granted under the provisions referred to in that paragraph arise or accrue:

- (a) after 31st December 2001; or
- (b) in a period beginning more than ten years after any exemption or reduction referred to in that paragraph was first granted in respect of that source, whether that period began before or after the entry into force of this Agreement.

(6) Notwithstanding the provisions of sub-paragraph 5(b) of this Article, relief from United Kingdom tax by virtue of paragraph 4 of this Article shall continue to be allowed in respect of tax which would have been payable but for an exemption or reduction of tax granted under the provisions referred to in that paragraph so far as that exemption or reduction relates to profits or income which arise or accrue before the entry force of this Agreement.



## **ARTICLE 24 – LIMITATION OF RELIEF**

(1) Where under any provision of this Agreement any income is relieved from tax in a Contracting State and, under the law in force in the other Contracting State, a person, in respect of that income, is subject to tax by reference to the amount thereof which is remitted to or received in that other Contracting State and not by reference to the full amount thereof, then the relief to be allowed under this Agreement in the first-mentioned Contracting State shall apply only to so much of the income as is taxed in the other Contracting State.

(2) However, this limitation does not apply to income derived by the Government of a Contracting State or any person as may be agreed between the competent authorities of the Contracting States. The term "Government" shall have the same meaning as in paragraph 4 of Article 11 of this Agreement.

## **ARTICLE 25 – NON-DISCRIMINATION**

- (1) Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances, in particular with respect to residence, are or may be subjected.
- (2) The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities.
- (3) Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.
- (4) Nothing in this Article shall be construed as obliging a Contracting State to grant to:
  - (a) individual residents of the other Contracting State any personal allowances, reliefs and reductions for tax purposes on account of civil status or family responsibilities which it grants to its own residents; or
  - (b) nationals of the other Contracting State those personal allowances, reliefs and reductions for tax purposes which it grants to its own nationals who are not resident in that Contracting State or to such other persons as may be specified in the taxation laws of that Contracting State.
- (5) Where a Contracting State grants tax incentives exclusively to its nationals designed to promote economic or social developments in accordance with its national policy and criteria, that limitation shall not be construed as discrimination under this Article.
- (6) The provisions of this Article shall apply to the taxes which are the subject of this Agreement.

## **ARTICLE 26 – MUTUAL AGREEMENT PROCEDURE**

(1) Where a resident of a Contracting State considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 25 of this Agreement, to that of the Contracting State of which he is a national.

(2) The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation not in accordance with the Agreement.

(3) The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Agreement.

(4) The competent authorities of the Contracting State may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

## **ARTICLE 27 – EXCHANGE OF INFORMATION**

(1) The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Agreement or of the domestic laws of the Contracting States concerning taxes covered by this Agreement insofar as the taxation thereunder is not contrary to this Agreement, in particular, to prevent fraud and to facilitate the administration of statutory provisions against legal avoidance. Any information received by a Contracting State shall be treated as secret and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by this Agreement. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

(2) In no case shall the provisions of paragraph 1 of this Article be construed so as to impose on a Contracting State the obligation:

- (a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;
- (b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;
- (c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information the disclosure of which would be contrary to public policy.

## **ARTICLE 28 – MEMBERS OF DIPLOMATIC OR PERMANENT MISSIONS AND CONSULAR POSTS**

(1) Nothing in this Agreement shall affect the fiscal privileges of members of diplomatic or permanent missions or consular posts under the general rules of international law or under the provisions of special agreements.

(2) Notwithstanding the provisions of paragraph 1 of Article 4 of this Agreement, an individual who is a member of a diplomatic or permanent mission or consular post of a Contracting State or of any third State which is situated in the other Contracting State or who is an official of an international organisation, and any member of the family of such an individual, shall not be deemed to be a resident of the other State for the purposes of this Agreement if he is subject to tax on income or capital gains in that other State only if he derives income or capital gains from sources therein.

## ARTICLE 29 – ENTRY INTO FORCE

(1) Each of the Contracting States shall notify to the other the completion of the procedures required by its law for the bringing into force of this Agreement. This Agreement shall enter into force on the date of the later of these notifications and shall thereupon have effect:

(a) in the United Kingdom:

- (i) in respect of income tax and capital gains tax, for any year of assessment beginning on or after 6th April in the calendar year next following that in which the Agreement enters into force;
- (ii) in respect of corporation tax, for any financial year beginning on or after 1st April in the calendar year next following that in which the Agreement enters into force;

(b) in Singapore:

in respect of Singapore tax for any year of assessment beginning on or after 1st January in the second calendar year following that in which the Agreement enters into force.

(2) The Agreement between the Government of the Republic of Singapore 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 of Taxes on Income signed at Singapore on 1st December 1966 as amended by the Protocol signed at London on 21st July 1975 (hereinafter referred to as the 1966 Agreement) shall terminate and cease to be effective from the date upon which this Agreement has effect in respect of the taxes to which this Agreement applies in accordance with the provisions of paragraph 1 of this Article.

## **ARTICLE 30 – TERMINATION**

This Agreement shall remain in force until terminated by one of the Contracting States. Either Contracting State may terminate the Agreement, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year beginning after the expiry of five years from the date of entry into force of the Agreement. In such event, the Agreement shall cease to have effect:

- (a) in the United Kingdom:
  - (i) in respect of income tax and capital gains tax, for any year of assessment beginning on or after 6th April in the calendar year next following that in which the notice is given;
  - (ii) in respect of corporation tax, for any financial year beginning on or after 1st April in the calendar year next following that in which the notice is given;
- (b) in Singapore:

in respect of Singapore tax for any year of assessment beginning on or after 1st January in the second calendar year following that in which the notice is given.

In witness whereof the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

Done in duplicate at Singapore this 12th day of February 1997.

**For the Government of the  
Republic of Singapore**

**DR RICHARD HU**

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

**MR MALCOLM RIFKIND**

## EXCHANGE OF NOTES (1997)

Singapore, 12th February 1997

Your Excellency

I have the honour to refer to the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital Gains which has been signed today and to propose on behalf of the Government of the United Kingdom of Great Britain and Northern Ireland that:

(1) for the purposes of the agreement a charity or pension fund created, established and recognised for tax purposes in a Contracting State shall be treated as a resident of that State.

(2) *in relation to paragraph 3 of Article 8:*

this provision shall not apply to interest which arises from the lending of funds between associated enterprises.

(3) *in relation to paragraph 1 of Article 17:*

income referred to in this paragraph shall include income derived from any personal activities exercised by a resident of one Contracting State in the other Contracting State relating to his reputation as an entertainer or sportsman.

(4) *in relation to Article 18:*

the term "annuity" refers to an annuity paid in recognition of past employment services.

If the foregoing proposals are acceptable to the Government of the Republic of Singapore, I have the honour to suggest that the present Note and Your Excellency's reply to that effect should be regarded as constituting an agreement between the two Governments in this matter, which shall enter into force at the same time as the entry into force of the Agreement.

DR RICHARD HU

Minister for Finance of the  
Republic of Singapore

MR MALCOLM RIFKIND

Secretary of State for Foreign and  
Commonwealth Affairs of the  
United Kingdom of Great Britain and  
Northern Ireland



Singapore, 12th February 1997

Your Excellency

I have the honour to acknowledge the receipt of your Note of today's date which reads as follows:

"Your Excellency

I have the honour to refer to the Agreement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital Gains which has been signed today and to propose on behalf of the Government of the United Kingdom of Great Britain and Northern Ireland that:

(1) for the purposes of the agreement a charity or pension fund created, established and recognised for tax purposes in a Contracting State shall be treated as a resident of that State.

(2) *in relation to paragraph 3 of Article 8:*

this provision shall not apply to interest which arises from the lending of funds between associated enterprises.

(3) *in relation to paragraph 1 of Article 17:*

income referred to in this paragraph shall include income derived from any personal activities exercised by a resident of one Contracting State in the other Contracting State relating to his reputation as an entertainer or sportsman.

(4) *in relation to Article 18:*

the term "annuity" refers to an annuity paid in recognition of past employment services.

If the foregoing proposals are acceptable to the Government of the Republic of Singapore, I have the honour to suggest that the present Note and Your Excellency's reply to that effect should be regarded as constituting an agreement between the two Governments in this matter, which shall enter into force at the same time as the entry into force of the Agreement."

I have further the honour to confirm that the Government of the Republic of Singapore accepts the proposals contained in your Note and agrees that the same and the present reply shall be regarded as constituting an agreement between the two Governments in this matter, which shall enter into force at the same time as the entry into force of the Agreement.

MR MALCOLM RIFKIND

Secretary of State for Foreign and  
Commonwealth Affairs of the  
United Kingdom of Great Britain and  
Northern Ireland

DR RICHARD HU

Minister for Finance of the  
Republic of Singapore

# ANNEX A

## Effects of the MLI on this Agreement

### 1. Deletion and replacement of the Preamble

The preamble of this Agreement is deleted and replaced by the following:

“The Government of the Republic of Singapore and the Government of the United Kingdom of Great Britain and Northern Ireland,

Desiring to further develop their economic relationship and to enhance their co-operation in tax matters,

Intending to eliminate double taxation with respect to the taxes covered by this Agreement without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this Agreement for the indirect benefit of residents of third jurisdictions),

Have agreed as follows:”.

### 2. Amendment of Article 9

Paragraph 2 of Article 9 (Associated Enterprises) of this Agreement is deleted and replaced by the following:

“(2) Where a Contracting State includes in the profits of an enterprise of that Contracting State — and taxes accordingly — profits on which an enterprise of the other Contracting State has been charged to tax in that other Contracting State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned Contracting State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other Contracting State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Agreement and the competent authorities of the Contracting States shall if necessary consult each other.”.

### 3. Amendment of Article 10

Paragraphs 7 and 8 of Article 10 (Dividends) are deleted.

### 4. Amendment of Article 11

Paragraphs 9 and 10 of Article 11 (Interest) are deleted.

### 5. Amendment of Article 12

Paragraphs 8 and 9 of Article 12 (Royalties) are deleted.

6. Amendment of Article 26

- (a) In paragraph 1 of Article 26 (Mutual Agreement Procedure), the words “The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Agreement.” are inserted immediately after the words “of which he is a national.”.
- (b) In paragraph 2 of Article 26 (Mutual Agreement Procedure), the words “Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.” are inserted immediately after the words “not in accordance with the Agreement.”.

7. New Articles 26A to 26H (arbitration provisions)

The following articles shall be inserted immediately after Article 26 (Mutual Agreement Procedure). However, the articles shall not apply to this Agreement if a Contracting State raises an objection under Article 28(2)(b) of the MLI to the reservations that had been made by the other Contracting State under Article 28(2)(a) of the MLI. Such an objection may be raised by the United Kingdom, by 20 December 2019.

**“ARTICLE 26A – MANDATORY BINDING ARBITRATION**

- (1) Where:
  - (a) under Article 26 (Mutual Agreement Procedure), a person has presented a case to the competent authority of a Contracting State on the basis that the actions of one or both of the Contracting States have resulted for that person in taxation not in accordance with the provisions of the Agreement; and
  - (b) the competent authorities are unable to reach an agreement to resolve that case pursuant to Article 26 (Mutual Agreement Procedure) within a period of two years beginning on the start date referred to in paragraph (8) or (9), as the case may be (unless, prior to the expiration of that period the competent authorities of the Contracting States have agreed to a different time period with respect to that case and have notified the person who presented the case of such agreement),

any unresolved issues arising from the case shall, if the person so requests in writing, be submitted to arbitration in the manner described in this Article and Articles 26B to 26H, according to any rules or procedures agreed upon by the competent authorities of the Contracting States pursuant to the provisions of paragraph (10).

(2) Where a competent authority has suspended the mutual agreement procedure referred to in paragraph (1) because a case with respect to one or more of the same issues is pending before court or administrative tribunal, the period provided in sub-paragraph (b) of paragraph (1) will stop running until either a final decision has been rendered by the court or administrative tribunal or the case has been suspended or withdrawn. In addition, where a person who presented a case and a competent authority have agreed to suspend the mutual agreement procedure, the period provided in sub-paragraph (b) of paragraph (1) will stop running until the suspension has been lifted.

(3) Where both competent authorities agree that a person directly affected by the case has failed to provide in a timely manner any additional material information

requested by either competent authority after the start of the period provided in sub-paragraph (b) of paragraph (1), the period provided in sub-paragraph (b) of paragraph (1) shall be extended for an amount of time equal to the period beginning on the date by which the information was requested and ending on the date on which that information was provided.

- (4)
  - (a) The arbitration decision with respect to the issues submitted to arbitration shall be implemented through the mutual agreement concerning the case referred to in paragraph (1). The arbitration decision shall be final.
  - (b) The arbitration decision shall be binding on both Contracting States except in the following cases:
    - (i) if a person directly affected by the case does not accept the mutual agreement that implements the arbitration decision. In such a case, the case shall not be eligible for any further consideration by the competent authorities. The mutual agreement that implements the arbitration decision on the case shall be considered not to be accepted by a person directly affected by the case if any person directly affected by the case does not, within 60 days after the date on which notification of the mutual agreement is sent to the person, withdraw all issues resolved in the mutual agreement implementing the arbitration decision from consideration by any court or administrative tribunal or otherwise terminate any pending court or administrative proceedings with respect to such issues in a manner consistent with that mutual agreement.
    - (ii) if a final decision of the courts of one of the Contracting States holds that the arbitration decision is invalid. In such a case, the request for arbitration under paragraph (1) shall be considered not to have been made, and the arbitration process shall be considered not to have taken place (except for the purposes of Articles 26C (Confidentiality of Arbitration Proceedings) and 26G (Costs of Arbitration Proceedings)). In such a case, a new request for arbitration may be made unless the competent authorities agree that such a new request should not be permitted.
    - (iii) if a person directly affected by the case pursues litigation on the issues which were resolved in the mutual agreement implementing the arbitration decision in any court or administrative tribunal.
- (5) The competent authority that received the initial request for a mutual agreement procedure as described in sub-paragraph (a) of paragraph (1) shall, within two calendar months of receiving the request:
  - (a) send a notification to the person who presented the case that it has received the request; and
  - (b) send a notification of that request, along with a copy of the request, to the competent authority of the other Contracting State.
- (6) Within three calendar months after a competent authority receives the request for a mutual agreement procedure (or a copy thereof from the competent authority of the other Contracting State) it shall either:

- (a) notify the person who has presented the case and the other competent authority that it has received the information necessary to undertake substantive consideration of the case; or
- (b) request additional information from that person for that purpose.

(7) Where pursuant to sub-paragraph (b) of paragraph (6), one or both of the competent authorities have requested from the person who presented the case additional information necessary to undertake substantive consideration of the case, the competent authority that requested the additional information shall, within three calendar months of receiving the additional information from that person, notify that person and the other competent authority either:

- (a) that it has received the requested information; or
- (b) that some of the requested information is still missing.

(8) Where neither competent authority has requested additional information pursuant to sub-paragraph (b) of paragraph (6), the start date referred to in paragraph (1) shall be the earlier of:

- (a) the date on which both competent authorities have notified the person who presented the case pursuant to sub-paragraph (a) of paragraph (6); and
- (b) the date that is three calendar months after the notification to the competent authority of the other Contracting State pursuant to sub-paragraph (b) of paragraph (5).

(9) Where additional information has been requested pursuant to sub-paragraph (b) of paragraph (6), the start date referred to in paragraph (1) shall be the earlier of:

- (a) the latest date on which the competent authorities that requested additional information have notified the person who presented the case and the other competent authority pursuant to sub-paragraph (a) of paragraph (7); and
- (b) the date that is three calendar months after both competent authorities have received all information requested by either competent authority from the person who presented the case.

If, however, one or both of the competent authorities send the notification referred to in sub-paragraph (b) of paragraph (7), such notification shall be treated as a request for additional information under sub-paragraph (b) of paragraph (6).

(10) The competent authorities of the Contracting States shall by mutual agreement (pursuant to Article 26 (Mutual Agreement Procedure)) settle the mode of application of the provisions contained in this Article and Articles 26B to 26H, including the minimum information necessary for each competent authority to undertake substantive consideration of the case. Such an agreement shall be concluded before the date on which unresolved issues in a case are first eligible to be submitted to arbitration and may be modified from time to time thereafter.

(11) Notwithstanding the preceding paragraphs of this Article:

- (a) any unresolved issue arising from a mutual agreement procedure case otherwise within the scope of the arbitration process provided for by this Agreement shall not be submitted to arbitration, if a decision on

this issue has already been rendered by a court or administrative tribunal of either Contracting State;

- (b) if, at any time after a request for arbitration has been made and before the arbitration panel has delivered its decision to the competent authorities of the Contracting States, a decision concerning the issue is rendered by a court or administrative tribunal of one of the Contracting States, the arbitration process shall terminate.

(12) The provisions of this Article and Articles 26B to 26H shall not apply to any case involving the application of Singapore's general anti-avoidance rules contained in section 33 of the Act, case law or judicial doctrines, and any subsequent provisions (as notified by Singapore to the Depositary of the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting done at Paris on 24 November 2016 (as amended from time to time)) that replace, amend or update these anti-avoidance rules.

(13) This Article and Articles 26B to 26H —

- (a) shall have effect with respect to cases presented to the competent authority of a Contracting State under Article 26 (Mutual Agreement Procedure) on or after 1 April 2019; and
- (b) shall apply to a case presented to the competent authority of a Contracting State under Article 26 prior to 1 April 2019 only to the extent that the competent authorities of both Contracting States agree that it will apply to that specific case.

#### **ARTICLE 26B – APPOINTMENT OF ARBITRATORS**

(1) Except to the extent that the competent authorities of the Contracting States mutually agree on different rules, paragraphs (2) through (4) shall apply for the purposes of Articles 26A to 26H.

(2) The following rules shall govern the appointment of the members of an arbitration panel:

- (a) The arbitration panel shall consist of three individual members with expertise or experience in international tax matters.
- (b) Each competent authority shall appoint one panel member within 60 days of the date of the request for arbitration under paragraph (1) of Article 26A (Mandatory Binding Arbitration). The two panel members so appointed shall, within 60 days of the latter of their appointments, appoint a third member who shall serve as Chair of the arbitration panel. The Chair shall not be a national or resident of either Contracting State.
- (c) Each member appointed to the arbitration panel must be impartial and independent of the competent authorities, tax administrations, and ministries of finance of the Contracting States and of all persons directly affected by the case (as well as their advisors) at the time of accepting an appointment, maintain his or her impartiality and independence throughout the proceedings, and avoid any conduct for a reasonable period of time thereafter which may damage the appearance of impartiality and independence of the arbitrators with respect to the proceedings.

(3) In the event that the competent authority of a Contracting State fails to appoint a member of the arbitration panel in the manner and within the time periods specified in paragraph (2) or agreed to by the competent authorities of the Contracting States, a member shall be appointed on behalf of that competent authority by the highest ranking official of the Centre for Tax Policy and Administration of the Organisation for Economic Co-operation and Development that is not a national of either Contracting State.

(4) If the two initial members of the arbitration panel fail to appoint the Chair in the manner and within the time periods specified in paragraph (2) or agreed to by the competent authorities of the Contracting States, the Chair shall be appointed by the highest ranking official of the Centre for Tax Policy and Administration of the Organisation for Economic Co-operation and Development that is not a national of either Contracting State.

#### **ARTICLE 26C – CONFIDENTIALITY OF ARBITRATION PROCEEDINGS**

(1) Solely for the purposes of the application of Articles 26A to 26H and 27 and of the provisions of the domestic laws of the Contracting States related to the exchange of information, confidentiality, and administrative assistance, members of the arbitration panel and a maximum of three staff per member (and prospective arbitrators solely to the extent necessary to verify their ability to fulfil the requirements of arbitrators) shall be considered to be persons or authorities to whom information may be disclosed. Information received by the arbitration panel or prospective arbitrators and information that the competent authorities receive from the arbitration panel shall be considered information that is exchanged under Article 27 (Exchange of Information).

(2) The competent authorities of the Contracting States shall ensure that members of the arbitration panel and their staff agree in writing, prior to their acting in an arbitration proceeding, to treat any information relating to the arbitration proceeding consistently with the confidentiality and nondisclosure obligations described in Article 27 (Exchange of Information) and under the applicable laws of the Contracting States.

#### **ARTICLE 26D – RESOLUTION OF A CASE PRIOR TO THE CONCLUSION OF THE ARBITRATION**

For the purposes of Articles 26 and 26A to 26H, the mutual agreement procedure, as well as the arbitration proceeding, with respect to a case shall terminate if, at any time after a request for arbitration has been made and before the arbitration panel has delivered its decision to the competent authorities of the Contracting States:

- (a) the competent authorities of the Contracting States reach a mutual agreement to resolve the case; or
- (b) the person who presented the case withdraws the request for arbitration or the request for a mutual agreement procedure.

#### **ARTICLE 26E – TYPE OF ARBITRATION PROCESS**

(1) Except to the extent that the competent authorities of the Contracting States mutually agree on different rules, the following rules shall apply with respect to an arbitration proceeding pursuant to Articles 26A to 26H:

- (a) After a case is submitted to arbitration, the competent authority of each Contracting State shall submit to the arbitration panel, by a date set by agreement, a proposed resolution which addresses all unresolved issue(s) in the case (taking into account all agreements previously reached in that case between the competent authorities of the Contracting States). The proposed resolution shall be limited to a disposition of specific monetary amounts (for example, of income or expense) or, where specified, the maximum rate of tax charged pursuant to the Agreement, for each adjustment or similar issue in the case. In a case in which the competent authorities of the Contracting States have been unable to reach agreement on an issue regarding the conditions for application of a provision of the Agreement (hereinafter referred to as a “threshold question”), such as whether an individual is a resident or whether a permanent establishment exists, the competent authorities may submit alternative proposed resolutions with respect to issues the determination of which is contingent on resolution of such threshold questions.
- (b) The competent authority of each Contracting State may also submit a supporting position paper for consideration by the arbitration panel. Each competent authority that submits a proposed resolution or supporting position paper shall provide a copy to the other competent authority by the date on which the proposed resolution and supporting position paper were due. Each competent authority may also submit to the arbitration panel, by a date set by agreement, a reply submission with respect to the proposed resolution and supporting position paper submitted by the other competent authority. A copy of any reply submission shall be provided to the other competent authority by the date on which the reply submission was due.
- (c) The arbitration panel shall select as its decision one of the proposed resolutions for the case submitted by the competent authorities with respect to each issue and any threshold questions, and shall not include a rationale or any other explanation of the decision. The arbitration decision will be adopted by a simple majority of the panel members. The arbitration panel shall deliver its decision in writing to the competent authorities of the Contracting States. The arbitration decision shall have no precedential value.

(2) Prior to the beginning of arbitration proceedings, the competent authorities of the Contracting States shall ensure that each person that presented the case and their advisors agree in writing not to disclose to any other person any information received during the course of the arbitration proceedings from either competent authority or the arbitration panel. The mutual agreement procedure under Article 26, as well as the arbitration proceeding under Articles 26A to 26H, with respect to the case shall terminate if, at any time after a request for arbitration has been made and before the arbitration panel has delivered its decision to the competent authorities of the Contracting States, a person that presented the case or one of that person’s advisors materially breaches that agreement.

#### **ARTICLE 26F – AGREEMENT ON A DIFFERENT RESOLUTION**

Notwithstanding paragraph (4) of Article 26A (Mandatory Binding Arbitration), an arbitration decision pursuant to Articles 26A to 26H shall not be binding on the Contracting States and shall not be implemented if the competent authorities of the Contracting States agree on a different resolution of all unresolved issues within three calendar months after the arbitration decision has been delivered to them.



## **ARTICLE 26G – COSTS OF ARBITRATION PROCEEDINGS**

In an arbitration proceeding under Articles 26A to 26H, the fees and expenses of the members of the arbitration panel, as well as any costs incurred in connection with the arbitration proceedings by the Contracting States, shall be borne by the Contracting States in a manner to be settled by mutual agreement between the competent authorities of the Contracting States. In the absence of such agreement, each Contracting State shall bear its own expenses and those of its appointed panel member. The cost of the chair of the arbitration panel and other expenses associated with the conduct of the arbitration proceedings shall be borne by the Contracting States in equal shares.

## **ARTICLE 26H – COMPATIBILITY**

(1) Any unresolved issue arising from a mutual agreement procedure case otherwise within the scope of the arbitration process provided for in this Article and Articles 26A to 26G shall not be submitted to arbitration if the issue falls within the scope of a case with respect to which an arbitration panel or similar body has previously been set up in accordance with a bilateral or multilateral convention that provides for mandatory binding arbitration of unresolved issues arising from a mutual agreement procedure case.

(2) Nothing in this Article and Articles 26A to 26G shall affect the fulfilment of wider obligations with respect to the arbitration of unresolved issues arising in the context of a mutual agreement procedure resulting from other conventions to which the Contracting States are or will become parties.”.

### 8. New Article 28A

The following new Article 28A is inserted immediately after Article 28 (Members of Diplomatic or Permanent Missions and Consular Posts):

#### **“ARTICLE 28A – PREVENTION OF TREATY ABUSE**

(1) Notwithstanding any provisions of this Agreement, a benefit under this Agreement shall not be granted in respect of an item of income or capital if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this Agreement.

(2) Where a benefit under this Agreement is denied to a person under provisions of this Agreement that deny all or part of the benefits that would otherwise be provided under this Agreement where the principal purpose or one of the principal purposes of any arrangement or transaction, or of any person concerned with an arrangement or transaction, was to obtain those benefits, the competent authority of the Contracting State that would otherwise have granted this benefit shall nevertheless treat that person as being entitled to this benefit, or to different benefits with respect to a specific item of income or capital, if such competent authority, upon request from that person and after consideration of the relevant facts and circumstances, determines that such benefits would have been granted to that person in the absence of the transaction or arrangement. The competent authority of the Contracting State to which a request has been made under this paragraph by a

resident of the other Contracting State shall consult with the competent authority of that other Contracting State before rejecting the request.”.

9. Entry into effect of the MLI

The effects of the MLI on this Agreement, as laid out in this Annex, shall have effect in Singapore:

- (a) for paragraph 7 of this Annex on the arbitration provisions, with respect to any tax paid, deemed paid or liable to be paid, before, on or after 1 April 2019;
- (b) for all other paragraphs in this Annex:
  - (i) with respect to taxes withheld at source, in respect of amounts paid, deemed paid or liable to be paid (whichever is the earliest), on or after 1 January 2020; and
  - (ii) with respect to taxes other than those withheld at source, where the income is derived or received in a basis period beginning on or after 1 October 2019.

# ANNEX B

**SECOND PROTOCOL AMENDING THE AGREEMENT BETWEEN  
THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE 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 CAPITAL GAINS  
SIGNED AT SINGAPORE ON 12 FEBRUARY 1997  
AS AMENDED BY A PROTOCOL SIGNED AT SINGAPORE ON 24 AUGUST 2009**

The Government of the Republic of Singapore and the Government of the United Kingdom of Great Britain and Northern Ireland,

Desiring to amend the Agreement between the Government of the Republic of Singapore 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 capital gains signed at Singapore on 12 February 1997 as amended by a Protocol signed at Singapore on 24 August 2009 (hereinafter referred to as "the Agreement"),

Have agreed as follows:

## ARTICLE I

With respect to Article 3 (General Definitions) of the Agreement:

1. Paragraph 1(e) shall be deleted and replaced by the following:

"(e) the term "person" includes an individual, a company and any other body of persons;"

2. Paragraph 1(i)(i) shall be deleted and replaced by the following:

"(i) in the case of the United Kingdom, the Commissioners for Her Majesty's Revenue and Customs or their authorised representative;"

3. Paragraph 1(k) shall be deleted and replaced by the following:

"(k) the term "fiscal year" means,

(i) in the case of the United Kingdom:

- for the purposes of the income tax, a year of assessment beginning on 6 April in one year and ending on 5 April in the following year;

- for the purposes of the corporation tax, a year of assessment beginning on 1 April in one year and ending on 31 March in the following year; and,

(ii) in the case of Singapore, a calendar year.”

4. A new paragraph 2 shall be inserted after paragraph 1 as follows:

“2. For the purposes of Articles 10, 11 and 12 of this Agreement, a trustee subject to tax in a Contracting State in respect of dividends, interest or royalties shall be deemed to be the beneficial owner of that interest or those dividends or royalties.”

5. The existing paragraph 2 of the Article shall be renumbered as paragraph 3.

## **ARTICLE II**

With respect to Article 4 (Residence) of the Agreement:

1. Paragraph 1 shall be deleted and replaced by the following:

“1. For the purposes of this Agreement, 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, and also includes that State and any political subdivision, local authority or statutory body thereof.”

2. Paragraph 3 shall be deleted and replaced by the following:

“3. Where by reason of the provisions of paragraph 1 of this Article a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident only of the State in which its place of effective management is situated. In cases of doubt, the competent authorities of the Contracting States shall endeavour to determine by mutual agreement the State in which the person's place of effective management is situated taking into consideration all relevant factors. In the absence of a mutual agreement by the competent authorities of the Contracting States, the person shall not be considered a resident of either Contracting State for the purposes of claiming any benefits provided by the Agreement, except those provided by Articles 23, 25 and 26.”

## **ARTICLE III**

With respect to Article 5 (Permanent Establishment) of the Agreement,

Paragraph 4(b) shall be deleted and replaced by the following:

“(b) it furnishes services, including consultancy services, through employees or other personnel engaged by the enterprise for such purpose, but only where activities of that nature continue (for the same or a connected project) within the other Contracting State for a period or periods aggregating more than 183 days in the fiscal year concerned;

provided that the provisions of subparagraph (b) shall cease to have effect for any fiscal year beginning after five years from the date on which the Second Protocol first had effect.”

## ARTICLE IV

With respect to Article 10 (Dividends) of the Agreement:

1. Paragraphs 1, 2 and 3 shall be deleted and replaced by the following:

“1. Subject to the provisions of paragraph 2 of this Article, dividends paid by a company which is a resident of a Contracting State and beneficially owned by a resident of the other Contracting State shall be taxable only in that other Contracting State.

2. However,

a) dividends paid by a real estate investment trust which is a resident of the United Kingdom may also be taxed, according to its laws, in the United Kingdom. However, if the beneficial owner of the dividends is a resident of Singapore, the tax so charged shall not exceed 15 per cent of the gross amount of the dividends;

b) distributions paid by a real estate investment trust which is organised in Singapore may also be taxed, according to its laws, in Singapore. However, if the beneficial owner of the distributions is a resident of the United Kingdom, the tax so charged shall not exceed 15 per cent of the gross amount of the distributions.

This paragraph and paragraph 1 shall not affect the taxation of the company or the real estate investment trust in respect of the profits out of which the dividends or distributions are paid.

3. For the purposes of paragraph 2 of this Article, a real estate investment trust means:

a) in the case of the United Kingdom, a real estate investment trust within the meaning of Part 12 of Corporation Tax Act 2010 and a property authorised investment fund within the meaning of Part 4A of the Authorised Investment Funds (Tax) Regulations 2006 (SI 2006/964);

b) in the case of Singapore, a trust that is constituted as a collective investment scheme authorised under section 286 of the Securities and Futures Act (Chapter 289) and listed on the Singapore Exchange, and that invests or proposes to invest in immovable property and immovable property-related assets.”

2. There shall be inserted at the end of paragraph 4 the following additional sentence:

“For the purposes of paragraphs 5, 6 and 7 of this Article, the term “dividends” also includes distributions within the meaning of subparagraph b) of paragraph 2 of this Article and reference to a company shall be read as including reference to a real estate investment trust as appropriate.”

## ARTICLE V

With respect to Article 11 (Interest) of the Agreement:

1. Paragraphs 2, 3 and 4 shall be deleted and replaced by the following:

“2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest the tax so charged shall not exceed 5 per cent of the gross amount of interest.

3. Notwithstanding the provisions of paragraph 2 of this Article, interest arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State if the recipient is the beneficial owner of that interest and:

- (a) is the Government of the other Contracting State;
- (b) is a bank or similar financial institution; or
- (c) the interest is paid by a bank or similar financial institution.

4. For the purposes of paragraph 3 of this Article, the term Government:

- (a) in the case of Singapore, means the Government of Singapore and shall include:
  - (i) the Monetary Authority of Singapore;
  - (ii) the Government of Singapore Investment Corporation Pte Ltd;
  - (iii) a statutory body; and
  - (iv) any institution wholly or mainly owned by the Government of Singapore as may be agreed from time to time between the competent authorities of the Contracting States;
- (b) in the case of United Kingdom, means the Government of the United Kingdom and shall include:
  - (i) the Bank of England;
  - (ii) the United Kingdom Export Credits Guarantee Department;
  - (iii) CDC Group plc;
  - (iv) a statutory body; and
  - (v) any institution wholly or mainly owned by the Government of the United Kingdom as may be agreed from time to time between the competent authorities of the Contracting States.”

2. The first sentence of paragraph 7 shall be deleted and replaced by the following:

“Interest shall be deemed to arise in a Contracting State when the payer is a resident of that State.”

## ARTICLE VI

With respect to Article 12 (Royalties) of the Agreement:

1. Paragraph 2 shall be deleted and replaced by the following:

“2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the recipient is the beneficial owner of the royalties the tax so charged shall not exceed 8 per cent of the gross amount of the royalties.”

2. Paragraph 3 shall be deleted and replaced by the following:

“3. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work (including cinematograph films, and films or tapes for radio or television broadcasting), any patent, trade mark, design or model, plan, secret formula or process, or for information (know-how) concerning industrial, commercial or scientific experience.”

3. Paragraph 4 shall be deleted and the reference to paragraph 4 in paragraph 5 shall be deleted. The remaining paragraphs shall not be renumbered.

4. The first sentence of paragraph 6 shall be deleted and replaced by the following:

“Royalties shall be deemed to arise in a Contracting State when the payer is a resident of that State.”

## ARTICLE VII

With respect to Article 14 (Independent Personal Services) of the Agreement:

Paragraph 1 shall be deleted and replaced by the following:

“1. Income derived by an individual who is a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that State except in the following circumstances when such income may also be taxed in the other Contracting State:

- (a) if he has a fixed base regularly available to him in the other State for the purpose of performing his activities; in that case, only so much of the income as is attributable to that fixed base may be taxed in that other State; or
- (b) if his stay in the other State is for a period or periods exceeding in the aggregate 183 days in the fiscal year concerned; in that case, only so much of the income as is derived from his activities performed in that other State may be taxed in that other State;

provided that the provisions of subparagraph (b) shall cease to have effect for any fiscal year beginning after five years from the date on which the Second Protocol first had effect.”

## **ARTICLE VIII**

With respect to Article 15 (Dependent Personal Services) of the Agreement:

1. Paragraph 1 shall be deleted and replaced by the following:

“1. Subject to the provisions of Articles 16, 18 and 19 of this Agreement, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.”

2. Paragraph 3 shall be deleted and replaced by the following:

“3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Contracting State may be taxed in that State.”

## **ARTICLE IX**

With respect to Article 18 (Pensions) of the Agreement:

Subparagraph (a) of paragraph 1 shall be deleted and replaced by the following:

“(a) pensions and other similar remuneration paid in consideration of past employment or self-employment,”

## **ARTICLE X**

With respect to Article 20 (Students and Trainees) of the Agreement:

Paragraphs 1 and 2 shall be deleted and replaced by the following:

“ Payments which a student or business apprentice who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that State, provided that such payments arise from sources outside that State.”

## **ARTICLE XI**

Article 21 (Teachers) of the Agreement shall be deleted and the subsequent Articles shall not be renumbered.

## **ARTICLE XII**

With respect to Article 22 (Other Income) of the Agreement:

Paragraph 3 shall be deleted and replaced by the following:

“3. Notwithstanding the provisions of paragraph 1 of this Article, where an amount of income is paid to a resident of Singapore out of income received by trustees or personal representatives who are residents of the United Kingdom, that



amount shall be treated as arising from the same sources, and in the same proportions, as the income received by the trustees or personal representatives out of which that amount is paid. Any tax paid by the trustees or personal representatives in respect of the income paid to the beneficiary shall be treated as if it had been paid by the beneficiary.

4. Notwithstanding the provisions of paragraph 1 of this Article, withdrawals made by a resident of the United Kingdom from his Supplementary Retirement Scheme account under section 10L of the Singapore Income Tax Act (Chapter 134)(revised edition 2008) may be taxed in Singapore.”

### **ARTICLE XIII**

With respect to Article 23 (Elimination of Double Taxation) of the Agreement:

1. Paragraphs 1 and 2 shall be deleted and replaced by the following:

“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 or, as the case may be, regarding the exemption from United Kingdom tax of a dividend arising in a territory outside the United Kingdom (which shall not affect the general principle hereof):

- (a) Singapore tax payable under the laws of Singapore and in accordance with this Agreement, whether directly or by deduction, on profits, income or chargeable gains from sources within Singapore (excluding in the case of a dividend tax payable in respect of the profits out of which the dividend is paid) shall be allowed as a credit against any United Kingdom tax computed by reference to the same profits, income or chargeable gains by reference to which the Singapore tax is computed;
- (b) a dividend which is paid by a company which is a resident of Singapore to a company which is a resident of the United Kingdom shall be exempted from United Kingdom tax, when the conditions for exemption under the law of the United Kingdom are met;
- (c) in the case of a dividend not exempted from tax under sub-paragraph (b) above (because the conditions for exemption under the law of the United Kingdom are not met) which is paid by a company which is a resident of Singapore to a company which is a resident of the United Kingdom and which controls directly or indirectly at least 10 per cent of the voting power in the company paying the dividend, the credit mentioned in sub-paragraph (a) above shall also take into account the Singapore tax payable by the company in respect of its profits out of which such dividend is paid.

2. In Singapore, double taxation shall be avoided as follows:

- (a) Where a resident of Singapore derives income from the United Kingdom which, in accordance with the provisions of this Agreement, may be taxed in the United Kingdom, Singapore shall, subject to its laws regarding the allowance as a credit against Singapore tax of tax payable in any country other than Singapore, allow the United Kingdom tax paid, whether directly or by deduction, as a credit against the Singapore tax payable on the income of that resident. Where such income is a dividend paid by a company which is a resident of the United Kingdom to a resident of Singapore which is a company

owning directly or indirectly not less than 10 per cent of the share capital of the first-mentioned company, the credit shall take into account the United Kingdom tax paid by that company on the portion of its profits out of which the dividend is paid.

- (b) Where a resident of Singapore derives income from the United Kingdom, Singapore shall, subject to the conditions for exemption of income received from outside Singapore provided for in the Singapore Income Tax Act being satisfied, exempt such income from tax in Singapore.”

2. Paragraphs 4, 5 and 6 shall be deleted.

#### **ARTICLE XIV**

Article 24 (Limitation of Relief) of the Agreement shall be deleted and the subsequent Articles shall not be renumbered.

#### **ARTICLE XV**

With respect to Article 26 (Mutual Agreement Procedure) of the Agreement, there shall be inserted at the end of paragraph 3 the following additional sentence:

”They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.”

#### **ARTICLE XVI**

The United Kingdom shall notify Singapore, through diplomatic channels, of the completion of the procedures required by its law for the bringing into force of this Second Protocol. Upon such notification, when the necessary requirements for entry into force of this Second Protocol in Singapore have been complied with, Singapore shall notify the United Kingdom through diplomatic channels. The Second Protocol shall enter into force on the date of the notification made by Singapore to the United Kingdom and shall thereupon have effect:

- (a) in the United Kingdom:
  - (i) in respect of income tax and capital gains tax, for any year of assessment beginning on or after 6th April in the calendar year next following that in which the Second Protocol enters into force;
  - (ii) in respect of corporation tax, for any financial year beginning on or after 1st April in the calendar year next following that in which the Second Protocol enters into force;
- (b) in Singapore:

in respect of Singapore tax for any year of assessment beginning on or after 1st January in the second calendar year following that in which the Second Protocol enters into force.

## **ARTICLE XVII**

This Second Protocol, which shall form an integral part of the Agreement, shall remain in force as long as the Agreement remains in force and shall apply as long as the Agreement itself is applicable.

IN WITNESS WHEREOF, the undersigned, being duly authorised by their respective Governments have signed this Protocol.

DONE in duplicate at Singapore on this 15th day of February 2012.

**For the Government of  
the Republic of Singapore**

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

# ANNEX C

## **PROTOCOL AMENDING THE AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE 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 CAPITAL GAINS SIGNED AT SINGAPORE ON 12 FEBRUARY 1997**

The Government of the Republic of Singapore and the Government of the United Kingdom of Great Britain and Northern Ireland,

Desiring to amend the Agreement between the Government of the Republic of Singapore 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 capital gains signed at Singapore on 12 February 1997 (hereinafter referred to as “the Agreement”),

Have agreed as follows:

### **ARTICLE I**

The text of Article 27 of the Agreement is deleted and replaced by the following:

“1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Agreement or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Agreement. The exchange of information is not restricted by Articles 1 and 2.

2. Any information received under paragraph 1 by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

3. In no case shall the provisions of paragraphs 1 and 2 be construed so as to impose on a Contracting State the obligation:

- (a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;
- (b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;

- (c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy.

4. If information is requested by a Contracting State in accordance with the provisions of this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 of this Article but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.

5. In no case shall the provisions of paragraph 3 be construed to permit a Contracting State to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.”

## **ARTICLE II**

The United Kingdom shall notify Singapore, through diplomatic channels, of the completion of the procedures required by its law for the bringing into force of this Protocol. Upon such notification, when the necessary requirements for entry into force of this Protocol in Singapore have been complied with, Singapore shall notify the United Kingdom through diplomatic channels. The Protocol shall enter into force 30 days after the date of notification made by Singapore to the United Kingdom.

## **ARTICLE III**

This Protocol shall form an integral part of the Agreement and shall remain in force as long as the Agreement remains in force.

IN WITNESS WHEREOF, the undersigned, duly authorised thereto by their respective governments, have signed this Protocol.

DONE in duplicate at Singapore on this 24<sup>th</sup> day of August 2009, in the English language.

**For the Government of  
the Republic of Singapore**

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

**THARMAN SHANMUGARATNAM  
MINISTER FOR FINANCE**

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FINANCIAL SECRETARY TO  
THE TREASURY**

# **ANNEX D**

**AGREEMENT BETWEEN  
THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE 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**

The Government of the Republic of Singapore and the Government of the United Kingdom of Great Britain and Northern Ireland,

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

Have agreed as follows:

## ARTICLE 1

1. The taxes which are the subject of this Agreement are:

(a) in the Republic of Singapore:

the income tax

(hereinafter referred to as "Singapore tax"); and

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

the income tax (including surtax) the profits tax, the corporation tax and the capital gains tax

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

2. This Agreement shall also apply to any other taxes of a substantially similar character imposed in Singapore or the United Kingdom subsequently to the date of signature of this Agreement.

## ARTICLE 2

1. In this Agreement, unless the context otherwise requires -
  - (a) the term "Singapore" means the Republic of Singapore;
  - (b) the term "United Kingdom" means Great Britain and Northern Ireland, including any area outside the territorial waters of the United Kingdom which has been 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 terms "one of the Contracting States" and "the other Contracting State" mean Singapore or the United Kingdom, as the context requires;
  - (d) the term "tax" means Singapore tax or United Kingdom tax, as the context requires;
  - (e) the term "company" means any body corporate;
  - (f) the term "person" includes any body of persons, corporate or not corporate;
  - (g)
    - (i) the term "resident of Singapore" means any person who is resident in Singapore for the purposes of Singapore tax; and the term "resident of the United Kingdom" means any person who is resident in the United Kingdom for the purposes of United Kingdom tax;
    - (ii) where by reason of the provisions of sub-paragraph (i) above an individual is a resident of both Contracting States, then his residence shall be determined in accordance with the following rules --
      - (aa) 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;
      - (bb) if the Contracting State, with which his personal and economic relations are closest, 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;
      - (cc) if he has an habitual abode in both Contracting States or in neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement;
    - (iii) where by reason of the provisions of sub-paragraph (i) above 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 it is managed and controlled;



- (h) the terms "resident of one of the Contracting States" and "resident of the other Contracting State" mean a resident of Singapore or a resident of the United Kingdom, as the context requires;
- (i) the terms "Singapore enterprise" and "United Kingdom enterprise" mean, respectively, an industrial, mining, commercial, plantation or agricultural enterprise or undertaking carried on by a resident of Singapore and an industrial, mining, commercial, plantation or agricultural enterprise or undertaking carried on by a resident of the United Kingdom;
- (j) the terms "enterprise of one of the Contracting States" and "enterprise of the other Contracting State" mean a Singapore enterprise or a United Kingdom enterprise, as the context requires;
- (k) the terms "profits of a Singapore enterprise" and "profits of a United Kingdom enterprise" do not include rents or royalties in respect of motion picture films or of tapes for telecasting or of mines, oil wells, quarries or other places of extraction of natural resources, or income in the form of dividends, interest, rents, royalties, or capital gains, or fees or other remuneration derived from the management, control or supervision of the trade, business or other activity of another enterprise or concern, or remuneration for labour or personal services, or profits derived from the operation of ships or aircraft;
- (l)
  - (i) subject to the provisions of this sub-paragraph, the term "permanent establishment" means a fixed place of business in which the business of the enterprise is wholly or partly carried on;
  - (ii) a permanent establishment shall include especially:
    - (aa) a place of management;
    - (bb) a branch;
    - (cc) an office;
    - (dd) a factory;
    - (ee) a workshop;
    - (ff) a mine, oil well, quarry or other place of extraction of natural resources;
    - (gg) a building site or construction or assembly project which exists for more than six months;
    - (hh) a farm or plantation;
  - (iii) the term "permanent establishment" shall not be deemed to include:
    - (aa) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;

- (bb) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
  - (cc) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
  - (dd) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise;
  - (ee) 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;
- (iv) an enterprise of one of the Contracting States shall be deemed to have a permanent establishment in the other Contracting State if:
- (aa) it carries on supervisory activities in that other Contracting State for more than six months in connection with a construction, installation or assembly project which is being undertaken in that other Contracting State;
  - (bb) it carries on a business which consists of providing the services of public entertainers referred to in paragraph (3) of Article 12 in that other Contracting State;
- (v) a person acting in one of the Contracting States on behalf of an enterprise of the other Contracting State (other than an agent of independent status to whom sub-paragraph (I) (vi) of this Article applies) shall be deemed to be a permanent establishment in the former Contracting State if:
- (aa) he has, and habitually exercises in that former Contracting State, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise; or
  - (bb) he maintains in that former Contracting State a stock of goods or merchandise belonging to the enterprise from which he regularly fills orders on behalf of the enterprise;
- (vi) an enterprise of one of the Contracting States shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other Contracting State through a broker, general commission agent or any other agent of independent status, where such person is acting in the ordinary course of his business;
- (vii) the fact that a company which is a resident of one of the Contracting States controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other Contracting State (whether through a permanent establishment or

otherwise), shall not of itself constitute either company a permanent establishment of the other;

- (m) the term "competent authorities" means, in the case of Singapore, the Minister for Finance or his authorised representative; and in the case of the United Kingdom, the Commissioners of Inland Revenue or their authorised representative.

2. In the application of the provisions of this Agreement by the Government of one of the Contracting States, 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 this Agreement.

### **ARTICLE 3**

Where this Agreement provides (with or without other conditions) that income from sources in one of the Contracting States shall be exempted from tax, or taxed at a reduced rate, by that Contracting State if it is subject to tax in the other Contracting State, and under the law in force in that other Contracting State the said income is subject to tax by reference to the amount thereof which is remitted to, or received in, that other Contracting State and not by reference to the full amount thereof, then the exemption or reduction of tax to be allowed under this Agreement in the former Contracting State shall apply only to so much of the income as is remitted to or received in the other Contracting State.

#### ARTICLE 4

1.
  - (a) the profits of a Singapore enterprise shall not be taxable in the United Kingdom unless the enterprise carries on business in the United Kingdom through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, tax may be imposed in the United Kingdom on the profits of the enterprise but only on so much of them as is directly or indirectly attributable to that permanent establishment;
  - (b) the profits of a United Kingdom enterprise shall not be taxable in Singapore unless the enterprise carries on business in Singapore through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, tax may be imposed in Singapore on the profits of the enterprise but only on so much of them as is directly or indirectly attributable to that permanent establishment.
2. Where an enterprise of one of the Contracting States carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.
3. In determining the profits of a permanent establishment, there shall be allowed as deductions all expenses, including executive and general administrative expenses, which would be deductible if the permanent establishment were an independent enterprise in so far as they are reasonably allocable to the permanent establishment, whether incurred in the Contracting State in which the permanent establishment is situated or elsewhere.
4. No profits shall be attributed to a permanent establishment by reason of the mere purchase or transportation by that permanent establishment of goods or merchandise for the enterprise.

## ARTICLE 5

Where

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

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 6**

1. Profits which an enterprise of one of the Contracting States derives from the operation of ships or aircraft shall be exempt from tax of the other Contracting State, unless the ships or aircraft are operated wholly or mainly between places within that other Contracting State.
2. This Article shall likewise apply to the share in respect of participation in shipping or aircraft pools of any kind by such enterprise engaged in shipping or air transport.

## ARTICLE 7

1. Dividends paid by a company resident in the United Kingdom to a resident of Singapore who is subject to Singapore tax in respect thereof shall be exempt from any tax in the United Kingdom which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company.

2. Dividends paid by a company resident in Singapore to a resident of the United Kingdom who is subject to United Kingdom tax in respect thereof shall be exempt from any tax in Singapore which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company.

Provided that nothing in this paragraph shall affect the provisions of Singapore law under which the tax in respect of a dividend paid by a company resident in Singapore from which Singapore tax has been, or has been deemed to be, deducted may be adjusted by reference to the rate of tax appropriate to the Singapore year of assessment immediately following that in which the dividend was paid.

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

4. The provisions of paragraph (1) of this Article shall not apply if the recipient of the dividends, being a resident of Singapore, has in the United Kingdom, a permanent establishment and the holding giving rise to the dividends is effectively connected with a trade carried on through such permanent establishment and, in the case of a company, the trade is such that a profit on the sale of the holding would be a trading receipt.

5. The provisions of paragraph (2) of this Article shall not apply if the recipient of the dividends, being a resident of the United Kingdom has, in Singapore where the company paying the dividends is resident, a permanent establishment with which the holding by virtue of which the dividends are paid is effectively connected. In such a case Article 4 concerning the allocation of profits to permanent establishments shall apply.

6. Subject to the provisions of paragraph (6) of Article 8 of this Agreement the term "dividends" in the case of the United Kingdom includes any item which under the law of the United Kingdom is treated as a distribution of a company except that this term does not include any redeemable share capital or security issued by a company in respect of shares in the company otherwise than wholly for new consideration, or such part of any redeemable share capital or security so issued as is not properly referable to new consideration.

7. If the recipient of a dividend is a company which owns ten per cent. or more of the class of shares in respect of which the dividend is paid then neither paragraph (1) nor paragraph (2) of this Article shall apply to the dividend to the extent that it can have been paid only out of 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 paragraph the term "relevant date" means the date on which the beneficial owner of the dividend became the owner of ten per cent. or more of the class of shares in question.



Provided that this paragraph shall not apply if the recipient 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 Article.

## ARTICLE 8

1. Royalties derived from sources within one of the Contracting States by a resident of the other Contracting State who is subject to tax in that other Contracting State in respect thereof shall be exempt from tax in the first-mentioned Contracting State.

2. The term "royalties" as used in this Article means payments of any kind received as consideration for the use of, or the right to use, any copyright, patent, trade mark, design, model, plan, secret formula or process or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience, but does not include any royalty or other amount paid in respect of motion picture films or of tapes for telecasting or of the operation of a mine, oil well, quarry or any other place of extraction of natural resources.

3. Sums derived by a resident of one of the Contracting States from sources within the other Contracting State from the alienation of any right or property from which royalties, as defined in paragraph (2) of this Article, are or may be derived, shall be exempt from tax in the other Contracting State.

4. The provisions of paragraphs (1) and (3) of this Article shall not apply to royalties or sums received by a resident of one of the Contracting States where such royalties or sums are attributable to a permanent establishment of such resident in the other Contracting State; in such event, such royalties or sums as are attributable to that permanent establishment shall be treated as if they were profits to which the provisions of Article 4 are applicable.

5. Royalties paid by a company which is a resident of the United Kingdom to a resident of Singapore shall not be treated as a distribution of that company. The preceding sentence shall not apply to royalties paid to a company where:

- (a) the same persons participate directly or indirectly in the management or control of the company paying the royalties and the company deriving the royalties; and
- (b) more than 50 per cent of the voting power in the company deriving the royalties is controlled, directly or indirectly, by a person or persons resident in the United Kingdom.

6. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the royalties or sums paid, having regard to the use, right, property or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship and dealing with each other at arm's length, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

## **ARTICLE 9**

A resident of one of the Contracting States who does not carry on business in the other Contracting State through a permanent establishment situated therein shall be exempt in that other Contracting State from any tax on gains from the sale, transfer or exchange of capital assets.

## ARTICLE 10

1. (a) Any salary, wage or similar remuneration, paid by the Government of Singapore or any local authority thereof to any individual who is subject to Singapore tax thereon (other than a resident of the United Kingdom who is not a citizen of Singapore) in respect of services rendered to Singapore in the discharge of governmental functions, shall be exempt from United Kingdom tax;
- (b) any pension paid by the Government of Singapore or any local authority thereof to any individual in respect of services rendered in the discharge of governmental functions shall be exempt from United Kingdom tax unless he is a resident of the United Kingdom who is not a citizen of Singapore.
2. (a) Any salary, wage or similar remuneration, paid out of public funds of the United Kingdom or Northern Ireland or the funds of any local authority in the United Kingdom to any individual who is subject to United Kingdom tax thereon (other than a resident of Singapore who is not a citizen of the United Kingdom) in respect of services rendered to the United Kingdom in the discharge of governmental functions, shall be exempt from Singapore tax;
- (b) any pension paid out of public funds of the United Kingdom or Northern Ireland or the funds of any local authority in the United Kingdom to any individual in respect of services rendered in the discharge of governmental functions shall be exempt from Singapore tax unless he is a resident of Singapore who is not a citizen of the United Kingdom.
3. Where any remuneration or pension to which this Article applies is not exempt under paragraph (1) or paragraph (2) of this Article it shall, for the purposes of Article 18, be deemed to be income from a source within the Contracting State the Government of which pays the remuneration or pension.
4. The provisions of this Article shall not apply to any remuneration or pension in respect of services rendered in connection with any trade or business carried on for purposes of profit.

## **ARTICLE 11**

1. Subject to the provisions of this Article and Articles 10, 12, 13 and 15, salaries, wages and other similar remunerations derived by a resident of one of the Contracting States in respect of an employment may be taxed in the other Contracting State if, and only if, the employment is exercised in that other Contracting State.

2. In relation to remuneration of a director of a company derived from the company, the provisions of this Article and of Article 12 shall apply as if the remuneration were remuneration of an employee in respect of an employment. Director's fees and similar payments derived by a resident of one of the Contracting States in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State shall be deemed to have been derived from an employment exercised in, and may be taxed in, that other Contracting State.

3. A resident of one of the Contracting States shall be exempt from tax in the other Contracting State on remuneration for services performed on ships or aircraft operating outside the other Contracting State provided that he is subject to tax in respect thereof in the first-mentioned Contracting State.

## ARTICLE 12

1. An individual who is a resident of Singapore shall be exempt from United Kingdom tax on remuneration or profits in respect of personal (including professional) services performed within the United Kingdom in any year of assessment, if:

- (a) he is present within the United Kingdom for a period or periods not exceeding in the aggregate 183 days during that year;
- (b) the services are performed for or on behalf of a person who is a resident of Singapore;
- (c) the remuneration or profits are subject to Singapore tax; and
- (d) the remuneration or profits are not directly deductible from the profits for United Kingdom tax purposes of a permanent establishment in the United Kingdom of that person.

2. An individual who is a resident of the United Kingdom shall be exempt from Singapore tax on remuneration or profits in respect of personal (including professional) services performed within Singapore in any year of assessment, if:

- (a) he is present within Singapore for a period or periods not exceeding in the aggregate 183 days during that year;
- (b) the services are performed for or on behalf of a person who is a resident of the United Kingdom;
- (c) the remuneration or profits are subject to United Kingdom tax; and
- (d) the remuneration or profits are not directly deductible from the profits for Singapore tax purposes of a permanent establishment in Singapore of that person.

3. The provisions of this Article shall not apply to the remuneration or profits derived from one of the Contracting States of public entertainers (such as stage, motion picture, radio or television artistes, musicians and athletes) whose visit to that Contracting State is not supported, wholly or substantially, from the public funds of the Government of the other Contracting State.

## **ARTICLE 13**

1. Any pension (other than a pension of the kind referred to in paragraph (1) of Article 10 and any annuity, derived from sources within Singapore by an individual who is a resident of the United Kingdom and subject to United Kingdom tax in respect thereof, shall be exempt from Singapore tax.

2. Any pension (other than a pension of the kind referred to in paragraph (2) of Article 10 and any annuity, derived from sources within the United Kingdom by an individual who is a resident of Singapore and subject to Singapore tax in respect thereof, shall be exempt from United Kingdom tax.

3. The term "annuity" means a stated sum payable periodically at stated times, during life or during a specified or ascertainable period of time, under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

## **ARTICLE 14**

An individual, who is a resident of one of the Contracting States immediately before making a visit to the other Contracting State, and who makes such visit at the invitation of the Government of that other Contracting State, or of a university, college, school or other recognised educational institution in the other Contracting State, solely for the purpose of teaching at such educational institution for a period not exceeding two years shall be exempt from tax of the former Contracting State on his remuneration for such teaching.



## ARTICLE 15

1. An individual, who immediately before visiting one of the Contracting States, is a resident of the other Contracting State and is temporarily present in the first-mentioned Contracting State solely as a student at a recognised university, college, or school in the first-mentioned Contracting State, or as a business apprentice therein, shall be exempt from tax in the first-mentioned Contracting State on:

- (a) all remittances from the second-mentioned Contracting State for the purposes of his maintenance, education or training; and
- (b) any remuneration for personal services rendered in the first-mentioned Contracting State with a view to supplementing the resources available to him for such purposes.

2. An individual, who immediately before visiting one of the Contracting States, is a resident of the other Contracting State and is temporarily present in the first-mentioned Contracting State for a period not exceeding two years for the purpose of study, research or training solely as a recipient of a grant, allowance or award from a scientific, educational, religious or charitable organisation or under a technical assistance programme entered into by the Government of one of the Contracting States shall be exempt from tax in the first-mentioned Contracting State on:

- (a) the amount of such grant, allowance or award; and
- (b) any remuneration for personal services rendered in the first-mentioned Contracting State.

Provided that such services are in connection with his study, research or training or are incidental thereto.

3. An individual, who immediately before visiting one of the Contracting States, is a resident of the other Contracting State and is temporarily present in the first-mentioned Contracting State for a period not exceeding twelve months solely as an employee of, or under contract with, the Government or an enterprise of the second-mentioned Contracting State for the purpose of acquiring technical, professional or business experience shall be exempt from tax in the first-mentioned Contracting State on:

- (a) all remittances from the second-mentioned Contracting State for the purposes of his maintenance, education or training; and
- (b) any remuneration, so far as it is not in excess of 500 pounds sterling or 4,250 Malaysian dollars, as the case may be, for personal services rendered in the first-mentioned Contracting State.

Provided that such services are in connection with his studies or training or are incidental thereto.

## **ARTICLE 16**

1. Individuals who are residents of Singapore shall be entitled to the same personal allowances, reliefs and reductions for the purposes of United Kingdom tax as British subjects not resident in the United Kingdom.
2. Individuals who are residents of the United Kingdom shall be entitled to the same personal allowances, reliefs and reductions for the purposes of Singapore tax as Singapore citizens not resident in Singapore.

## ARTICLE 17

For the purpose of this Agreement:

- (a) dividends paid by a company which is a resident of one of the Contracting States shall be treated as income from sources within that Contracting State. Provided that the competent authorities of the two Contracting States shall consult each other to devise appropriate rules in the event of any arrangement being made for the apportionment of dividends to profits taxed in Singapore and profits taxed in a third country;
- (b) interest paid by one of the Contracting States, including local governments thereof, or by an enterprise of one of the Contracting States, shall be treated as income from sources within that Contracting State, except that interest (other than that paid on indebtedness in connection with the purchase of ships or aircraft) which is paid:
  - (i) by an enterprise of one of the Contracting States with a permanent establishment outside both Contracting States to a resident of the other Contracting State; or
  - (ii) by an enterprise of one of the Contracting States with a permanent establishment in the other Contracting State;on indebtedness incurred for the use of (or, in the case of a banking business, on deposits made with) the permanent establishment in the conduct of its trade or business and which is borne by that permanent establishment shall be treated as income from sources within the territory where the permanent establishment is situated;
- (c) royalties as defined in paragraph (2) of Article 8 shall be treated as income from sources within the Contracting State in which the property from which such royalties are derived is used;
- (d) profits derived from the alienation of any rights or properties from which royalties may be derived shall be treated as arising from sources within the Contracting State in which such rights or properties are used; and
- (e) royalties in respect of the operation of mines, oil wells, quarries or other places of extraction of natural resources shall be treated as derived from sources within the Contracting State in which such mines, oil wells, quarries or other places of extraction of natural resources are situated.

## ARTICLE 18

1. The laws of Singapore and the United Kingdom shall continue to govern the taxation of income arising in either Contracting State except where express provision to the contrary is made in this Agreement. Where income is subject to tax in both Contracting States, relief from double taxation shall be given in accordance with the following paragraphs of this Article.
2.
  - (a) Subject to the provisions of the laws of Singapore regarding the allowance as a credit against Singapore tax of tax payable in any country other than Singapore and subject to sub-paragraph (c) of this paragraph, United Kingdom tax payable, whether directly or by deduction in respect of income from sources within the United Kingdom, shall be allowed as a credit against Singapore tax payable in respect of that income;
  - (b) where such income is an ordinary dividend paid before 6 April, 1966, by a company which is a resident of the United Kingdom, the credit shall take into account (in addition to any United Kingdom income tax appropriate to the dividend) the United Kingdom profits tax payable in respect of its profits by the company paying the dividend; and where it is a dividend paid on participating preference shares and representing both a dividend at the fixed rate to which the shares are entitled and an additional participation in profits, the United Kingdom profits tax so payable by the company shall likewise be taken into account in so far as the dividend exceeds that fixed rate;
  - (c) where such income is a dividend paid after 5 April, 1966, by a company which is a resident of the United Kingdom the credit shall take into account only United Kingdom tax chargeable specifically on the dividend other than the tax chargeable in respect of the profits or income of the company. Where, however, the dividend is paid to a company which is a resident of Singapore and which controls directly or indirectly not less than ten per cent of the voting power in the United Kingdom company, the credit shall take into account (in addition to any United Kingdom income tax chargeable specifically on the dividend) the United Kingdom tax payable in respect of its profits by the company paying the dividend.
3.
  - (a) Subject to the provisions of the laws of the United Kingdom regarding the allowance as a credit against United Kingdom tax, of tax payable in a territory outside the United Kingdom and subject to sub-paragraph (c) of this paragraph, Singapore tax payable whether directly or by deduction in respect of income from sources within Singapore, shall be allowed as a credit against the United Kingdom tax payable in respect of that income;
  - (b) where such income is an ordinary dividend paid before 6 April, 1966, by a company which is a resident of Singapore, the credit shall take into account (in addition to any Singapore tax appropriate to the dividend) the Singapore tax payable by the company in respect of its profits; and where it is a dividend paid on participating preference shares and representing both a dividend at the fixed rate to which the shares are entitled and an additional participation in profits, the Singapore tax so payable by the company shall likewise be taken into account in so far as the dividend exceeds that fixed rate;
  - (c) where such income is a dividend paid after 5 April, 1966, by a company which is a resident of Singapore the credit shall not take into account Singapore tax which is not chargeable specifically on the dividend but is tax (whether

deducted from the dividend or not) chargeable in respect of the profits or income of the company paying the dividend. Where, however, the dividend is paid to a company which is a resident of the United Kingdom and which controls directly or indirectly not less than ten per cent of the voting power in the Singapore company the credit shall take into account (in addition to any Singapore tax chargeable specifically on the dividend) the Singapore tax payable in respect of its profits by the company paying the dividend.

4. For the purposes of paragraph (3) of this Article, the term "Singapore tax payable" shall be deemed to include:

- (a) any amount which would have been payable as Singapore tax for any year but for an exemption or reduction of tax granted for that year or any part thereof under:
  - (i) sections 17 and 18 of the Pioneer Industries (Relief from Income Tax) Ordinance, 1959, of Singapore, so far as they were in force on, and have not been modified since, the date of the signature of this Agreement, or have been modified only in minor respects so as not to affect their general character; or
  - (ii) any other provision which may subsequently be made granting an exemption which is agreed by the competent authorities of the Contracting Governments to be of a substantially similar character, if it has not been modified thereafter or has been modified only in minor respects so as not to affect its general character; or
- (b) in the case of any pioneer industrial royalties an amount not exceeding a sum equivalent to tax at a rate of twenty per cent in respect of Singapore tax which would have been payable but for the exemption granted under the provisions of Article 8. For the purposes of this sub-paragraph the term "pioneer industrial royalties" means royalties as defined in paragraph (2) of Article 8 if and so long as they are payable by a pioneer enterprise for the purposes of the activities covered by its pioneer certificate during its tax relief period, and the terms "pioneer enterprise", "pioneer certificate" and "tax relief period" have the meanings which they respectively have under the Pioneer Industries (Relief from Income Tax) Ordinance, 1959, of Singapore.

5. For the purposes of paragraphs (2) and (3) of this Article, remuneration or profits for personal (including professional) services shall be treated as derived from sources within the Contracting State in which are rendered the services for which such remuneration or profits are paid.

## **ARTICLE 19**

The competent authorities of the Contracting States shall exchange such information (being information which is available under their respective taxation laws in the normal course of administration) as is necessary for carrying out the provisions of this Agreement or for the prevention of fraud or underpayment of tax by reasons other than fraud or for the administration of statutory provisions against legal avoidance in relation to the taxes which are the subject of this Agreement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than persons, including a court, concerned with the assessment and collection of those taxes or the determination of appeals in relation thereto. No information shall be exchanged which would disclose any trade secret or trade process.

## **ARTICLE 20**

1. Residents of one of the Contracting States shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which the residents of that other Contracting State in the same circumstances are or may be subjected.
2. The taxation on a permanent establishment which an enterprise of one of the Contracting States has in the other Contracting State shall not be less favourably levied in that other Contracting State than the taxation levied on enterprises of that other Contracting State carrying on the same activities.
3. Enterprises of one of the Contracting States, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the former Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the former Contracting State are or may be subjected.
4. Nothing in this Article shall be construed as obliging the Government of either Contracting State to grant to persons not resident in its territory, any personal allowances, reliefs and reductions for tax purposes, which are, by law, available only to persons who are so resident, nor as restricting the deduction of United Kingdom income tax from dividends paid to a permanent establishment in the United Kingdom of a company which is a resident of Singapore.
5. In this Article the term "taxation" means taxes which are the subject of this Agreement.

## **ARTICLE 21**

1. Where a taxpayer considers that the action of the taxation authorities of the Contracting Governments has resulted or will result in taxation contrary to the provisions of this Agreement, he shall be entitled to present his case to the Government of the Contracting State of which he is a resident. Should the taxpayer's claim be deemed worthy of consideration, the taxation authorities of the Government to which the claim is made shall endeavour to come to an agreement with the taxation authorities of the other Government with a view to a satisfactory adjustment.

2. The taxation authorities of the Contracting States may communicate with each other directly for the purpose of giving effect to the provisions of this Agreement and for resolving any difficulty or doubt as to the application or interpretation of this Agreement. In particular, the taxation authorities may consult together to endeavour to resolve disputes arising out of the application of paragraph (2) of Article 4 or Article 5, or the determination of the source of particular items of income.

3. Any amount which has been included in the profits of a United Kingdom enterprise in accordance with Article 5 shall not be charged to tax in Singapore.

4. Where profits on which a United Kingdom enterprise has been charged to tax in the United Kingdom are also included in the profits of a Singapore enterprise in accordance with Article 5 the amount of such profits included in the profits of both enterprises shall be treated for the purpose of Article 18 as income from a source in Singapore of the United Kingdom enterprise and credit shall be given in the United Kingdom in respect of the tax chargeable in Singapore as a result of the inclusion of the said amount.



## **ARTICLE 22**

1. This Agreement may be extended, either in its entirety or with modifications, to any territory for whose international relations the United Kingdom is responsible and which imposes taxes substantially similar in character to those which are the subject of this Agreement, and any such extension shall take effect from such date and subject to such modifications and conditions (including, if necessary, conditions as to the entry into force and determination of such extension) as may be specified and agreed between the Contracting States.

2. The termination by the United Kingdom or Singapore of this Agreement under Article 24 shall, unless otherwise expressly agreed by both Contracting States, terminate the application of this Agreement to any territory to which this Agreement has been extended under this Article.

## ARTICLE 23

1. This Agreement shall come into force on the date when the last of all such things shall have been done in Singapore and the United Kingdom as are necessary to give the Agreement the force of law in Singapore and the United Kingdom respectively, and shall thereupon have effect:

(a) in Singapore:

as respects income tax, for any year of assessment beginning on or after 1 January, 1966;

(b) in the United Kingdom:

(i) as respects income tax, for any year of assessment beginning on or after 6 April 1962;

(ii) as respects surtax, for any year of assessment beginning on or after 6 April, 1961;

(iii) as respects profits tax, for any chargeable accounting period beginning on or after 1 January, 1962, and for the unexpired portion of any chargeable accounting period current at that date;

(iv) as respects corporation tax, for any financial year beginning on or after 1 April, 1964; and

(v) as respects capital gains tax, for any year of assessment beginning on or after 6 April, 1965.

2. Notwithstanding that this Agreement is expressed to come into operation as respects income tax in Singapore only in respect of the year of assessment 1966 and subsequent years of assessment, it is declared that Singapore either has or will give effect to the provisions of this Agreement in respect of the years of assessment 1962 to 1965 inclusive, by way of relief from tax pursuant to the power of the competent authority of Singapore.

## ARTICLE 24

This Agreement shall continue in effect indefinitely, but either of the Contracting Governments may, on or before 30 June, in any calendar year not earlier than the year 1970, give to the other Contracting Government written notice of termination and, in such event, this Agreement shall cease to be effective:

(a) in Singapore:

as respects income tax, for any year of assessment beginning on or after 1 January, in the calendar year next following that in which such notice is given;

(b) in the United Kingdom:

(i) as respects income tax, surtax and capital gains tax, for any year of assessment beginning on or after 6 April, in the calendar year next following that in which the notice is given;

(ii) as respects corporation tax, for any financial year beginning on or after 1 April, in the calendar year next following that in which the notice is given.

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

DONE in duplicate at Singapore this 1st day of December of the year one thousand nine hundred and sixty-six.

*For the Government of  
the Republic of Singapore:*

LIM KIM SAN.

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

J. V. ROB.

# ANNEX E

**PROTOCOL AMENDING THE AGREEMENT BETWEEN  
THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE 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,  
SIGNED AT SINGAPORE ON 1 DECEMBER 1966**

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

Desiring to conclude a Protocol to amend the Agreement between the Contracting Governments for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed at Singapore on 1 December, 1966 (hereinafter referred to as "the Agreement");

Have agreed as follows:

## **ARTICLE I**

Article 6 of the Agreement shall be deleted and replaced by the following:

### **"ARTICLE 6**

1. Profits which an enterprise of one of the Contracting States derives from the operation of ships or aircraft in international traffic in respect of carriage of passengers, mails, livestock or goods shall be exempt from tax in the other Contracting State.
2. The term "international traffic" means all movements by a ship or aircraft operated by an enterprise of one of the Contracting States, other than movements solely between places in the other Contracting State or solely between such places and one or more structures used for the exploration or extraction of natural resources situated in waters adjacent to the territorial waters of that other Contracting State.
3. This Article shall likewise apply to the share in respect of participation in shipping or aircraft pools of any kind by such enterprise engaged in shipping or air transport."

## ARTICLE II

Article 7 of the Agreement shall be deleted and replaced by the following:

### "ARTICLE 7

1. Dividends paid by a company which is a resident of the United Kingdom to a resident of Singapore may be taxed in Singapore. If the recipient of the dividends is subject to Singapore tax in respect thereof they shall be exempt from any tax in the United Kingdom which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company.
2. However, as long as an individual resident in the United Kingdom is entitled to a tax credit in respect of dividends paid by a company resident in the United Kingdom, the following provisions of this paragraph shall apply instead of the provisions of paragraph (1) of this Article:
  - (a)
    - (i) Where dividends are paid by a company which is a resident of the United Kingdom to a resident of Singapore, tax may be charged in Singapore on the aggregate of the amount or value of the dividends and the amount of the tax credit (if any) to which the recipient is entitled under sub-paragraph (b) of this paragraph.
    - (ii) Where a resident of Singapore is entitled to a tax credit in respect of such a dividend under sub-paragraph (b) of this paragraph tax may also be charged in the United Kingdom, and according to the laws of the United Kingdom, on the aggregate of the amount or value of that dividend and the amount of that tax credit, but, if he is subject to tax in Singapore on that aggregate, the United Kingdom tax shall be charged at a rate not exceeding 15 per cent.
    - (iii) Except as aforesaid dividends paid by a company which is a resident of the United Kingdom to a resident of Singapore who is subject to tax in Singapore in respect thereof shall be exempt from any tax in the United Kingdom which is chargeable on dividends.
  - (b) A resident of Singapore who receives dividends from a company which is a resident of the United Kingdom shall, subject to the provisions of sub-paragraph (c) of this paragraph and provided he is subject to tax in Singapore on the dividends, be entitled to the tax credit in respect thereof to which an individual resident in the United Kingdom would have been entitled had he received those dividends, and to the payment of any excess of that tax credit over his liability to United Kingdom tax.
  - (c) The provisions of sub-paragraph (b) of this paragraph shall not apply where the recipient of the dividend is a company which either alone or together with one or more associated companies controls directly or indirectly at least 10 per cent of the voting power in the company paying the dividend. For the purpose of this paragraph two companies

shall be deemed to be associated if one is controlled directly or indirectly by the other, or both are controlled directly or indirectly by a third company.

3. Dividends paid by a company which is a resident of Singapore to a resident of the United Kingdom may be taxed in the United Kingdom. If the recipient of the dividends is subject to United Kingdom tax in respect thereof they shall be exempt from any tax in Singapore which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company.

Provided that nothing in this paragraph shall affect the provisions of Singapore law under which the tax in respect of a dividend paid by a company resident in Singapore from which Singapore tax has been, or has been deemed to be, deducted may be adjusted by reference to the rate of tax appropriate to the Singapore year of assessment immediately following that in which the dividend was paid.

4. Where a company which is a resident of one of the Contracting States derives income or profits from the other Contracting State, there shall not be imposed in that other Contracting State any form of taxation on dividends paid by the company to persons not resident in that other Contracting State or any tax in the nature of an 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.
5. The provisions of paragraphs (1), (2) and (3) of this Article shall not apply where a resident of one of the Contracting States has in the other Contracting State a permanent establishment and the holding by virtue of which the dividends are paid is effectively connected with the business carried on through such permanent establishment. In such a case the dividends shall be treated as if they were profits to which the provisions of Article 4 are applicable.
6. For the purposes of this Agreement the term 'dividends' in the case of the United Kingdom includes any item which under the law of the United Kingdom is treated as a distribution of a company.
7. If the recipient of the 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 the provisions of paragraphs (1), (2) and (3) of this Article shall not apply to the dividend to the extent that it can have been paid only out of 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 paragraph the term "relevant date" means the date on which the recipient of the dividend became the owner of 10 per cent or more of the class of shares in question.

Provided that this paragraph shall not apply if the recipient 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 Article."

### ARTICLE III

The following new Article shall be inserted immediately after Article 7 of the Agreement.

#### "ARTICLE 7A

1. Subject to the provisions of paragraph (2) of this Article, interest derived from sources within one of the Contracting States by a resident of the other Contracting State who is subject to tax in respect thereof in that other Contracting State may be taxed in the first-mentioned Contracting State at a rate not exceeding 15 per cent of the gross amount thereof.
2. Approved interest derived from sources within Singapore by a resident of the United Kingdom who is subject to United Kingdom tax in respect thereof shall be exempt from Singapore tax.
3. The term "interest" as used in this Article means income from Government securities, bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, and other debt-claims of every kind as well as all other income assimilated to income from money lent by the taxation law of the State in which the income arises. The term 'approved interest' as used in this Article means interest as defined in this paragraph which is payable on an approved foreign loan within the meaning of Part V of The Economic Expansion Incentives (Relief from Income Tax) Act (1970 Edition) of Singapore and which is certified by the competent authorities of Singapore as payable for the purposes of promoting industrial development in Singapore.
4. The provisions of paragraphs (1) and (2) of this Article shall not apply if the recipient of the interest, being a resident of one of the Contracting States, has in the other Contracting State from which the interest is derived a permanent establishment with which the indebtedness from which the interest arises is effectively connected. In such a case the interest shall be treated as if it were profits to which the provisions of Article 4 are applicable.
5. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the interest paid, having regard to the indebtedness for which it is paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such a case, the excess part of the payment shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Agreement.
6. The provisions of this Article shall not apply if the loan or other indebtedness in respect of which the interest paid was created or assigned mainly for the purpose of taking advantage of this Article and not for bona fide commercial reasons."

## ARTICLE IV

Article 8 of the Agreement shall be deleted and replaced by the following:

### "ARTICLE 8

1. Subject to the provisions of paragraph (2) of this Article, royalties derived from sources within one of the Contracting States by a resident of the other Contracting State who is subject to tax in that other Contracting State in respect thereof may be taxed in the first-mentioned Contracting State at a rate not exceeding 15 per cent of the gross amount thereof.
2. Approved royalties derived from sources within Singapore by a resident of the United Kingdom who is subject to United Kingdom tax in respect thereof shall be exempt from Singapore tax.
3. The term 'royalties' as used in this Article means payments of any kind received as consideration for use of, or the right to use, any copyright, patent, trade mark, design, model, plan, secret formula or process or for the use of, or the right to use, industrial, commercial or scientific experience, but does not include any royalty or other amount paid in respect of motion picture films or tapes for telecasting or of the operation of a mine, oil well, quarry or any other place of extraction of natural resources. The term "approved royalties" as used in this Article means royalties as defined in this paragraph which are approved under Part VI of the Economic Expansion Incentives (Relief from Income Tax) Act (1970 Edition) of Singapore and which are certified by the competent authorities of Singapore as payable for the purpose of promoting industrial development in Singapore.
4. The provisions of paragraphs (1) and (2) of this Article shall likewise apply to sums derived from sources within one of the Contracting States by a resident of the other Contracting State from the alienation of any right or property from which royalties or approved royalties, as the case may be, are or may be derived.
5. The provisions of paragraphs (1), (2) and (4) of this Article shall not apply to royalties or sums received by a resident of one of the Contracting States where such royalties or sums are attributable to a permanent establishment of such resident in the other Contracting State; in such event such royalties or sums as are attributable to that permanent establishment shall be treated as if they were profits to which the provisions of Article 4 are applicable.
6. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the royalties or sums paid, having regard to the use, right, property or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship and dealing with each other at arm's length, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement."



## **ARTICLE V**

The words "any year of assessment" in paragraph (2) of Article 12 of the Agreement shall be deleted and replaced by the words "any calendar year".

## **ARTICLE VI**

The words "Malaysian dollars" in sub-paragraph (3) (b) of Article 15 of the Agreement shall be deleted and replaced by the words "Singapore dollars".

## **ARTICLE VII**

Paragraph (a) of Article 17 of the Agreement shall be deleted and replaced by the following:

- "(a)
- (i) subject to sub-paragraphs (ii) and (iii) of this paragraph, dividends paid by a company which is a resident of one of the Contracting States shall be treated as income from sources within that Contracting State;
  - (ii) dividends paid by a company which is a resident of Malaysia shall be treated as income from sources within Singapore if they are deemed to be derived from Singapore in accordance with Article VII of the Agreement between the Government of the Republic of Singapore and the Government of Malaysia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed in Singapore on 26 December, 1968;
  - (iii) dividends paid by a company which is a resident of Singapore shall not be treated as income from sources within Singapore if they are deemed to be derived from Malaysia in accordance with Article VII of the Agreement between the Government of the Republic of Singapore and the Government of Malaysia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed in Singapore on 26 December, 1968.

Provided that if the Agreement referred to in sub-paragraphs (ii) and (iii) of this paragraph is amended or ceases to have effect, the competent authorities of the United Kingdom and Singapore shall consult together to devise appropriate rules."

## **ARTICLE VIII**

Article 18 of the Agreement shall be deleted and replaced by the following:

### **"ARTICLE 18**

1. The laws of the United Kingdom and Singapore shall continue to govern the taxation of income arising in either Contracting State except where express provision to the contrary is made in this Agreement. Where income is subject to tax in both Contracting States, relief from double taxation shall be given in accordance with the following paragraphs of this Article.
2. (a) Subject to the provisions of the law of Singapore regarding the allowance as a credit against Singapore tax of tax payable in any country other than Singapore and subject to sub-paragraph (b) of this

paragraph. United Kingdom tax payable, whether directly or by deduction in respect of income from sources within the United Kingdom, shall be allowed as a credit against Singapore tax payable in respect of that income.

- (b) Where such income is a dividend paid by a company which is a resident of the United Kingdom the credit shall take into account only United Kingdom tax chargeable specifically on the dividend other than the tax chargeable in respect of the profits or income of the company. Where however, the dividend is paid to a company which is a resident of Singapore and which controls directly or indirectly not less than 10 per cent of the voting power in the United Kingdom company, the credit shall take into account (in addition to any United Kingdom income tax chargeable specifically on the dividend) the United Kingdom tax payable in respect of its profits by the company paying the dividend.
- 3.
  - (a) 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 and subject to sub-paragraph (b) of this paragraph, Singapore tax payable under the laws of Singapore and in accordance with this Agreement, whether directly or by deduction, on income from sources within Singapore shall be allowed as a credit against any United Kingdom tax computed by reference to the same income by reference to which the Singapore tax is computed.
  - (b) Where such income is a dividend paid by a company which is a resident of Singapore 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. Where, however, the dividend is paid to a company which is a resident of the United Kingdom and which controls directly or indirectly at least 10 per cent of the voting power in the company paying the dividend, the credit shall take into account (in addition to any Singapore tax appropriate to the dividend) the Singapore tax payable in respect of its profits by the company paying the dividend.
- 4. For the purposes of paragraph (3) of this Article, the term "Singapore tax payable" shall be deemed to include any amount which would have been payable as Singapore tax for any year but for an exemption or reduction of tax granted for that year or any part thereof under -
  - (i) Parts II, III and IV of the Economic Expansion Incentives (Relief from Income Tax) Act (1970 Edition) of Singapore (hereinafter referred to as 'the Act') so far as they were in force on, and have not been modified since 21 July, 1975 (being the date of signature of the Protocol amending this Agreement), or have been modified only in minor respects so as not to affect their general character; or
  - (ii) any other provision which may subsequently be made granting an exemption or reduction of tax which is agreed by the competent authorities of the Contracting Governments to be of a substantially similar character, if it has not been modified thereafter or has been

modified only in minor respects so as not to affect its general character.

Provided that where the relief is a relief accorded under Part IV of the Act it shall be taken into account for the purposes of this paragraph only (i) if the enterprise qualifying for the relief could have been declared to be a "pioneer enterprise" under Part II of the Act, or an "expanding enterprise" under Part III of the Act, and (ii) to the extent that the relief is given in respect of income arising within the "tax relief period" as defined in Part II or Part III of the Act, as the case may be.

5. For the purposes of paragraph (3) of this Article, the term 'Singapore tax payable' shall also be deemed to include:
  - (a) in the case of approved interest to which paragraph (2) of Article 7A applies, an amount not exceeding a sum equivalent to tax at a rate of 15 per cent in respect of Singapore tax which would have been payable but for an exemption or reduction of tax granted under Part V of the Act; and
  - (b) in the case of approved royalties to which paragraph (2) of Article 8 applies, an amount not exceeding a sum equivalent to tax at a rate of 15 per cent in respect of Singapore tax which would have been payable but for an exemption or reduction of tax granted under Part VI of the Act.
6. For the purposes of paragraphs (2) and (3) of this Article, remuneration or profits for personal (including professional) services shall be treated as derived from sources within the Contracting State in which are rendered the services for which such remuneration or profits are paid."

## ARTICLE IX

1. This Protocol, which shall form an integral part of the Agreement, shall come into force when the last of all such things shall have been done in Singapore and the United Kingdom as are necessary to give the Protocol the force of law in Singapore and the United Kingdom respectively, and shall, subject to paragraph (2) of this Article, thereupon have effect -

- (a) in Singapore:

as respects income tax, for any year of assessment beginning on or after 1 January, 1973;
- (b) in the United Kingdom:
  - (i) as respects income tax and capital gains tax, for any year of assessment beginning on or after 6 April, 1973;
  - (ii) as respects corporation tax, for any financial year beginning on or after 1 April, 1973.

2. Where any greater relief from tax would have been afforded by any provision of the Agreement than is due under the Agreement as amended by this Protocol, any such provision as aforesaid shall continue to have effect for any year of assessment or financial year beginning before 31 December, 1978.

In witness whereof the undersigned, duly authorised thereto by their respective Governments, have signed this Protocol.

Done in duplicate at London this 21st day of July, 1975.

***For the Government of the  
Republic of Singapore:***

**LEE YONG LENG**

***For the Government of the  
United Kingdom of Great Britain  
And Northern Ireland:***

**GORONWY-ROBERTS  
OF CAERNARVON**