



## **Double Taxation Avoidance Agreement between Singapore and U.K.**

Entered into force on December 19, 1997

### **DEZAN SHIRA & ASSOCIATES**

Corporate Establishment, Tax, Accounting & Payroll Throughout Asia

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UK/SINGAPORE DOUBLE TAXATION AGREEMENT

SIGNED 12 FEBRUARY 1997

Entered into force 19 December 1997

Effective in United Kingdom from 1 April 1998 for corporation tax and from  
6 April 1998 for income tax and capital gains tax

Effective in Singapore from 1 January 1999

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**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.**

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

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.

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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.

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## 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 term "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 laws 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.

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## 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.

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## 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 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.

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## 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.

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## 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.

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## 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.

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## 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 persons 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 the tax charged therein on those profits. The competent authorities of the Contracting States shall consult each other in determining such adjustment with due regard being had to the other provisions of this Agreement.

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## 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 OF 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.

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## 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 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 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.

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## 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.

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## 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.

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## 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.

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## 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.

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## 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.

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## 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.

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## 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.

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## 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.

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## 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.

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## 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.

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## 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.

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## 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 Expansion 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 subparagraph (b) of this paragraph, 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:

(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 subparagraph, 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 into force of this Agreement.

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## 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.

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## 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 development 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.

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## 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.

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## 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.

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## 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.

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## 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.

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## 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 United Kingdom of Great Britain and Northern Ireland:

Malcolm Rifkind

For the Government of the Republic of Singapore:

Richard Hu

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## EXCHANGE OF NOTES

Your Excellency

Singapore  
12th February 1997

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.

*Malcolm Rifkind*

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

Your Excellency

Singapore  
12th February 1997

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.

*Richard Hu*  
Minister for Finance of the Republic of Singapore.

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