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## EXPLANATORY NOTE

*(This note is not part of the Order)*

The Schedule to the Order contains a protocol (“the Protocol”) which amends a convention between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Sweden dealing with the elimination of double taxation with respect to taxes on income and on capital gains and the prevention of tax avoidance and evasion (“the Convention”). This Order brings the Protocol into effect.

The Convention was scheduled to the Double Taxation Relief and International Tax Enforcement (Sweden) Order 2015 (S.I. 2015/1891).

The Convention aims to eliminate the double taxation of income and gains arising in one country and paid to residents of the other country. This is done by allocating the taxing rights that each country has under its domestic law over the same income and gains, and by providing relief from double taxation. There are also specific measures which combat discriminatory tax treatment and provide for assistance in international tax enforcement. The Protocol continues this approach.

Article 1 provides for citation.

Article 2 makes a declaration as to the effect and content of the Protocol. Amendments are made to the preamble to the Convention and the Articles of the Convention relating to dividends, interest, royalties, other income and mutual agreement procedure. An Article relating to entitlement to benefits is added to the Convention.

The Protocol will enter into force on the thirtieth day after the receipt of the later of the notifications by each country of the completion of its legislative procedures. They will take effect as follows:

- (a) in Sweden:
  - (i) in respect of taxes withheld at source, for amounts paid or credited on or after 1st January of the year next following the date on which the Protocol enters into force;
  - (ii) in respect of other taxes on income, for taxes chargeable for any tax year beginning on or after 1st January of the year next following the date on which the Protocol enters into force; and
- (b) in the United Kingdom:
  - (i) in respect of taxes withheld at source, for amounts paid or credited on or after 1st January of the year next following the date on which the Protocol enters into force;
  - (ii) in respect of income tax and capital gains tax, for any year of assessment beginning on or after 6th April next following the date on which the Protocol enters into force;
  - (iii) in respect of corporation tax, for any financial year beginning on or after 1st April next following the date on which the Protocol enters into force.

The date of entry into force will, in due course, be published in the *London, Edinburgh and Belfast Gazettes*.

A Tax Information and Impact Note has not been produced for the Order as it gives effect to a protocol amending a double taxation agreement. Double taxation agreements impose no obligations on taxpayers, rather they seek to eliminate double taxation and fiscal evasion.