

EXPLANATORY NOTE

Article IV of the double estate duty Agreement with Pakistan which is scheduled to this Order provides a code of rules for determining the situs of the categories of property which may pass on the death of a person who dies domiciled in either country. The code of rules does not apply where the effect of applying it would be to bring within either country's charge to duty property which, apart from the code, would be outside the charge of the country in question (Paragraphs (2) and (3) of Article III).

For cases in which duty is charged by both countries, Article VI provides a system of "credits". Where property has a situs in one country and not in the other, the country of situs will retain its duty and the other country will allow a "credit" (Paragraph (1)); otherwise both countries will allow "credits", the sum of which will eliminate the smaller of the two duties (Paragraph (2)).

Provision is made for the exchange of information between the taxation authorities of the two countries.

The Agreement applies to the estate duty (separate from British estate duty) which is imposed in Northern Ireland.

The Agreement is effective as regards the estates of persons who die on or after the date when it comes into force. But provision is made for the Agreement to be applied to the estate of a person who dies before the Agreement comes into force and after 4th December, 1951, if the accountable person so elects.