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## EXPLANATORY NOTE

The Convention with Trinidad and Tobago scheduled to this Order replaces the Agreement signed on 29th December 1966 modified by the Protocol signed on 10th December 1969 and the Supplementary Protocol signed on 15th November 1971. It provides that certain trading profits not arising through a permanent establishment are to be taxed only in the country of the taxpayer's residence. Profits attributable to a permanent establishment may be taxed in the country in which the permanent establishment is situated (Articles 5 and 7). The rate of tax on profits remitted by a branch establishment is not to exceed 10 per cent in the country in which they arise (Article 24). Shipping and air transport profits are to be taxed only in the country in which the place of effective management of the enterprise is situated (Article 8).

Income from immovable property (Article 6) may be taxed by the country in which the property is situated.

Where a United Kingdom company pays a dividend to a resident of Trinidad and Tobago, other than to a company which controls directly or indirectly at least 10 per cent of the voting power in the paying company, the recipient will, subject to certain conditions, receive the tax credit to which an individual resident in the United Kingdom would be entitled less tax at a rate not exceeding 20 per cent of the aggregate of the dividend and the tax credit. Dividends paid by a Trinidad and Tobago company to a resident of the United Kingdom may be taxed in Trinidad and Tobago at a rate not exceeding 10 per cent where the recipient is a company which controls at least 25 per cent of the voting power of the company paying the dividend, and not exceeding 20 per cent in all other cases (Article 10).

The rate of tax imposed in the source country on interest (Article 11), royalties (Article 12) and technical fees (Article 13) paid to a resident of the other country is, in general, not to exceed 10 per cent. The source country will exempt interest paid to the Government (or government agency) of the other country (Article 11) and copyright royalties in respect of literary, artistic or scientific work paid to a resident of the other country (Article 12).

The earnings of temporary business visitors are, subject to certain conditions, to be taxed only in the country of the taxpayer's residence (Articles 14 and 15). Public service salaries and pensions are normally to be taxed by the paying country only (Article 19). Other pensions are to be taxed only in the country of the taxpayer's residence (Article 18). Income derived from the activities of public entertainers may normally be taxed in the country in which those activities are exercised (Article 17). Some payment made to visiting students and business apprentices are to be exempt from tax in the country visited (Article 20).

Where income continues to be taxable in both countries, relief from double taxation is to be given by the country of the taxpayer's residence. The credit to be given in the United Kingdom for tax payable in Trinidad and Tobago is to include credit for tax spared under certain provisions of Trinidad and Tobago law (Article 22).

There are provisions safeguarding residents and enterprises of one country against discriminatory taxation in the other country (Article 24) and for consultation and the exchange of information between the taxation authorities of the two countries (Articles 25 and 26).

The Convention will enter into force when the legislative procedures in both countries have been completed and will have effect in the United Kingdom from April in the following calendar year (Article 28).