

1988 No. 933

INCOME TAX

The Double Taxation Relief (Taxes on Income)
(Venezuela) Order 1988

Made 25th May 1988

At the Court at Buckingham Palace, the 25th day of May 1988

Present,

The Queen's Most Excellent Majesty in Council

Whereas a draft of this Order was laid before the House of Commons in accordance with the provisions of section 788(10) of the Income and Corporation Taxes Act 1988(a), and an Address has been presented to Her Majesty by that House praying that an Order may be made in the terms of that draft:

Now, therefore, Her Majesty, in exercise of the powers conferred upon Her by section 788 of the said Act, and of all other powers enabling Her in that behalf, is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows:-

1. This Order may be cited as the Double Taxation Relief (Taxes on Income) (Venezuela) Order 1988.

2. It is hereby declared-

- (a) that the arrangements specified in the Protocol set out in the Schedule to this Order, which vary the arrangements set out in the Schedule to the Double Taxation Relief (Shipping and Air Transport Profits) (Venezuela) Order 1979(b), have been made with the Government of the Republic of Venezuela, with a view to affording relief from double taxation in relation to income tax, corporation tax or capital gains tax and taxes of a similar character imposed by the laws of Venezuela; and
- (b) that it is expedient that those arrangements should have effect.

G. I. de Doney
Clerk of the Privy Council

(a) 1988 c.1; section 788 is extended by section 10 of the Capital Gains Tax Act 1979 (c.14).
(b) S.I. 1979/301.

PROTOCOL AMENDING THE AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT
BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF VENEZUELA FOR THE AVOIDANCE
OF DOUBLE TAXATION IN RESPECT OF SHIPPING AND AIR TRANSPORT

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

Having signed on 8 March 1978 an Agreement for the Avoidance of Double Taxation
in respect of Shipping and Air Transport;

Noting that this Agreement entered into force on 8 June 1987 in accordance with the
provisions of Article 5 of the Agreement;

Wishing to amend the Agreement;

Have agreed as follows:

ARTICLE I

In Article 1(1) of the Agreement, the words "an undertaking" shall be replaced by "any
undertaking".

ARTICLE II

Article 2 of the Agreement shall be replaced by the following:

"The exemption provided under Article 1 shall apply to any undertaking of one of
the Contracting States which serves any port or airport situated in the territory of the
other Contracting State".

ARTICLE III

Article 4(c) and (d) of the Agreement shall be replaced by the following:

"(c) The expression "the business of shipping and air transport" means the business of
transporting persons, animals, goods (excluding hydrocarbons) and mail carried
on by the owner or charterer of ships or aircraft. The term "hydrocarbons" means
natural gas, liquified natural gas, crude petroleum and the products derived
exclusively from the first phase of the refining of crude petroleum."

"(d) The expression "competent authority" means, in the case of Venezuela, the
Dirección General Sectorial de Rentas, and in the case of the United Kingdom,
the Commissioners of Inland Revenue or their authorised representative."

ARTICLE IV

(1) Each of the Contracting States shall notify the other in writing through the
diplomatic channel of the completion of the procedures required by its law to bring this
Protocol into force. The Protocol shall enter into force on the date of the later of these
notifications and shall thereupon have effect as regards profits, income or capital gains
arising on or after 1 January 1988.

(2) The exemption provided by the Agreement concluded on 8 March 1978 with
respect to profits, income and capital gains arising on or after 1 January 1977 and before
1 January 1988, shall not be affected by the provisions of this Protocol.

In witness whereof the undersigned, being duly authorised thereto, have signed this
Protocol.

Done in duplicate at Caracas on this twenty-third day of November 1987 in the
English and Spanish languages, both texts being equally authoritative.

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

M. J. Newington

For the Government of the Republic
of Venezuela:

S. A. Consalvi

EXPLANATORY NOTE

(This note is not part of the Order)

The Protocol scheduled to this Order makes certain alterations to the Agreement with Venezuela which was signed on 8th March 1978 and which entered into force on 8th June 1987.

The principal amendment is the re-defining of "the business of shipping and air transport" to exclude the transportation of hydrocarbons (Article III). This means that, so far as concerns the carriage of hydrocarbons, the profits, income and capital gains derived from one country from the business of shipping by an undertaking of the other country may be taxed in both countries. The profits, income and capital gains derived from the business of shipping other cargoes by an undertaking of one country remain exempt from tax in the other country.

The Protocol will take effect in both countries from 1st January 1988.