
EXPLANATORY NOTE

(This note is not part of the Order)

This Order gives effect to two arrangements between the United Kingdom and the Federative Republic of Brazil which are made with a view to affording relief from double taxation.

In this Order, article 1 provides for citation. Article 2 makes declarations as to the effect and content of the arrangements set out in Schedules 1 and 2. Article 3 revokes the Double Taxation Relief (Shipping and Air Transport Profits) (Brazil) Order 1968 (S.I. 1968/572) and makes transitional arrangements relating to it.

Schedule 1 to this Order contains an Agreement (“the 2005 Arrangements”) between the United Kingdom and the Federative Republic of Brazil in relation to the elimination of double taxation with respect to taxes on income or profits derived from shipping and air transport.

The 2005 Arrangements aim to eliminate the double taxation of income derived from shipping and air transport. This is done by allocating the taxing rights that each country has under its domestic law over the same income solely to the country of the undertaking.

The 2005 Arrangements take effect retrospectively, from 1 January 1967, in accordance with Article 4 of those arrangements. The 2005 Arrangements are to be suspended once the arrangements set out in Schedule 2 take effect, in accordance with paragraph 3 of Article 31 of the Convention.

Schedule 2 to this Order contains a Convention and Protocol (“the 2022 Arrangements”) between the United Kingdom and the Federative Republic of Brazil in relation to the elimination of double taxation with respect to taxes on income and on capital, the prevention of tax evasion and avoidance, and assisting international tax enforcement.

The 2022 Arrangements, in accordance with paragraph 3 of Article 31 of the Convention, suspend the agreements mentioned in that paragraph, in relation to taxes with effect on and after the date the 2022 Arrangements take effect, between the United Kingdom and the Federative Republic of Brazil signed at Brasilia on 27 July 2005 and at Brasilia on 2 September 2010.

The 2022 Arrangements aim 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 2022 Arrangements will enter into force on the date of the later of the notifications by each country of the completion of its legislative procedures and will take effect in each territory in accordance with paragraph 2 of Article 31 of the Convention.

The date of entry into force of the 2022 Arrangements 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 double taxation agreements. Double taxation agreements impose no obligations on taxpayers, rather they seek to eliminate double taxation and fiscal evasion.