

**THE INCOME TAX LAW.**  
**(CAP. 297 and Laws 13 of 1950, 8 of 1951, 31 of 1952**  
**and 13 of 1953.)**

**DOUBLE TAXATION RELIEF (TAXES ON INCOME)**  
**(CANADA) ORDER.**

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

2. It is hereby declared—

- (a) that the arrangements specified in the Agreement set out in the Appendix to this Order have been made with the Government of Canada with a view to affording relief from double taxation in relation to income taxes (including surtaxes) and excess profits tax and taxes of a similar character imposed by the Government of Canada; and
- (b) that it is expedient that those Arrangements should have effect in relation to income tax notwithstanding anything in the Law contained; and
- (c) that such arrangements shall have effect for the year of assessment 1951 and subsequent years.

Appendix.

APPENDIX.

ARRANGEMENT BETWEEN THE GOVERNMENT OF CYPRUS AND THE GOVERNMENT OF CANADA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME.

1.—(1) The taxes which are the subject of the present Arrangement are—

(a) In Canada :

The income taxes, including surtaxes, and excess profits tax imposed by Canada (hereinafter referred to as "Canadian tax").

(b) In Cyprus :

The income tax (hereinafter referred to as "Colonial tax").

(2) The present Arrangement shall also apply to any other taxes of a substantially similar character imposed by either Contracting Government subsequently to the date of signature of the present Arrangement or by the Government of any territory to which the present Arrangement is extended under paragraph 15.

2.—(1) In the present Arrangement, unless the context otherwise requires—

(a) The term "the Colony" means Cyprus.

(b) The terms "one of the territories" and "the other territory" mean Canada or the Colony as the context requires.

(c) The term "tax" means Canadian tax, or Colonial tax, as the context requires.

(d) The term "person" includes any body of persons, corporate or not corporate.

(e) The term "company" includes any body corporate.

(f) The terms "resident of Canada" and "resident of the Colony" mean respectively any person who is resident in Canada for the purposes of Canadian tax and not resident in the Colony for the purposes of Colonial tax and any person who is resident in the Colony for the purposes of Colonial tax and not resident in Canada for the purposes of Canadian tax; and a company shall be regarded as resident in Canada if its business is managed and controlled in Canada and as resident in the Colony if its business is managed and controlled in the Colony.

- (g) The terms "resident of one of the territories" and "resident of the other territory" mean a person who is a resident of Canada or a person who is a resident of the Colony, as the context requires.
- (h) The terms "Canadian enterprise" and "Colonial enterprise" mean respectively an industrial or commercial enterprise or undertaking carried on by a resident of Canada and an industrial or commercial enterprise or undertaking carried on by a resident of the Colony; and the terms "enterprise of one of the territories" and "enterprise of the other territory" mean a Canadian enterprise or a Colonial enterprise, as the context requires.
- (i) The term "permanent establishment", when used with respect to an enterprise of one of the territories, means a branch or other fixed place of business, but does not include an agency unless the agent has, and habitually exercises, a general authority to negotiate and conclude contracts on behalf of such enterprise or has a stock of merchandise from which he regularly fills orders on its behalf.

An enterprise of one of the territories shall not be deemed to have a permanent establishment in the other territory merely because it carries on business dealings in that other territory through a bona fide broker or general commission agent acting in the ordinary course of his business as such.

The fact that an enterprise of one of the territories maintains in the other territory a fixed place of business exclusively for the purchase of goods or merchandise shall not of itself constitute that fixed place of business a permanent establishment of the enterprise.

The fact that a company which is a resident of one of the territories has a subsidiary company which is a resident of the other territory or which is engaged in trade or business in that other territory (whether through a permanent establishment or otherwise) shall not of itself constitute that subsidiary company a permanent establishment of its parent company.

(2) The term "industrial or commercial profits", as used in the present Arrangement, does not include income in the form of dividends, interest, rents or royalties, management charges, or remuneration for labour or personal services.

(3) In the application of the provisions of the present Arrangement by one of the Contracting Governments any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting Government relating to the taxes which are the subject of the present Arrangement.

3.—(1) The industrial or commercial profits of a Canadian enterprise shall not be subject to Colonial tax unless the enterprise is engaged in trade or business in the Colony through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by the Colony, but only on so much of them as is attributable to that permanent establishment.

(2) The industrial or commercial profits of a Colonial enterprise shall not be subject to Canadian tax unless the enterprise is engaged in trade or business in Canada through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by Canada, but only on so much of them as is attributable to that permanent establishment.

(3) Where an enterprise of one of the territories is engaged in trade or business in the other territory through a permanent establishment situated therein, there shall be attributed to such permanent establishment the industrial or commercial profits which it might be expected to derive if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing at arm's length with the enterprise of which it is a permanent establishment.

(4) No portion of any profits arising from the sale of goods or merchandise by an enterprise of one of the territories shall be deemed to arise in the other territory by reason of the mere purchase of the goods or merchandise within that other territory.

(5) Where a company which is a resident of one of the territories derives profits or income from sources within the other territory, the Government of that other territory shall not impose any form of taxation on dividends paid by the company to persons not resident in that other territory, or any tax in the nature of an undistributed profits tax on undistributed profits of the company, by reason of the fact that those dividends or undistributed profits represent, in whole or in part, profits or income so derived.

4. Where—

- (a) an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the territories and an enterprise of the other territory, and
- (c) in either case conditions are made or imposed between the two enterprises, in their commercial or financial relations, which differ from those which would be made between independent enterprises, then any profits which would but for those conditions have accrued to one of the enterprises but by reason of those conditions have not so accrued may be included in the profits of that enterprise and taxed accordingly.

5. Notwithstanding the provisions of paragraphs 3 and 4, profits which a resident of one of the territories derives from operating ships or aircraft shall be exempt from tax in the other territory.

6.—(1) The rate of Canadian tax on income (other than earned income) derived from sources within Canada by a resident of the Colony who is subject to Colonial tax in respect thereof and not engaged in trade or business in Canada through a permanent establishment situated therein, shall not exceed 15 per cent.

(2) Notwithstanding the provisions of the foregoing sub-paragraph, dividends paid to a company which is a resident of the Colony by a Canadian company, all of whose shares (less directors' qualifying shares) which have under all circumstances full voting rights are beneficially owned by the former company, shall be exempt from Canadian tax :

Provided that exemption shall not be allowed if ordinarily more than one-quarter of the gross income of the Canadian company is derived from interest and dividends other than interest and dividends from any wholly-owned subsidiary company.

(3) Income (other than earned income) derived from sources within the Colony by an individual who is a resident of Canada, subject to Canadian tax in respect of the income, and not engaged in trade or business in the Colony through a permanent establishment situated therein, shall not be liable to tax in Cyprus at a rate in excess of the rate applicable to a company.

7. Copyright royalties and other like payments made in respect of the production or reproduction of any literary, dramatic, musical or artistic work (but not including rents or royalties in respect of motion picture films) and derived from sources within one of the territories by a resident of the other territory who is liable to tax in that other territory in respect thereof and not engaged in trade or business in the first-mentioned territory through a permanent establishment situated therein, shall be exempt from tax in that first-mentioned territory.

8.—(1) Remuneration (other than pensions) paid by one of the Contracting Governments to any individual for services rendered to that Contracting Government in the discharge of governmental functions shall be

exempt from tax in the territory of the other Contracting Government if the individual is not ordinarily resident in that territory or is ordinarily resident in that territory solely for the purpose of rendering those services.

(2) Any pension paid by one of the Contracting Governments to any individual for services rendered to that Contracting Government in the discharge of governmental functions shall be exempt from tax in the territory of the other Contracting Government, if immediately prior to the cessation of those services the remuneration therefor was exempt from tax in that territory, whether under paragraph (1) of this paragraph or otherwise, would have been exempt under that paragraph if the present Arrangement had been in force at the time when the remuneration was paid.

(3) The provisions of this paragraph shall not apply to payments in respect of services rendered in connection with any trade or business carried on by either of the Contracting Governments for purposes of profit.

9.—(1) An individual who is a resident of the Colony shall be exempt from Canadian tax on profits or remuneration in respect of personal (including professional) services performed within Canada in any taxation year if—

- (a) he is present within Canada for a period or periods not exceeding in the aggregate 183 days during that year, and
- (b) the services are performed for or on behalf of a person resident in the Colony, and
- (c) the profits or remuneration are subject to Colonial tax.

(2) An individual who is a resident of Canada shall be exempt from Colonial tax on profits or remuneration in respect of personal (including professional) services performed within the Colony in any year of assessment if—

- (a) he is present within the Colony for a period or periods not exceeding in the aggregate 183 days during that year, and
- (b) the services are performed for or on behalf of a person resident in Canada, and
- (c) the profits or remuneration are subject to Canadian tax.

(3) The provisions of this paragraph shall not apply to the profits or remuneration of public entertainers such as stage, motion picture or radio artists, musicians and athletes.

10.—(1) Any pension (other than a pension paid by the Government of Canada for services rendered to it in the discharge of governmental functions) and any annuity, derived from sources within Canada by an individual who is a resident of the Colony and subject to Colonial tax in respect thereof, shall be exempt from Canadian tax.

(2) Any pension (other than a pension paid by the Government of the Colony for services rendered to it in the discharge of governmental functions) and any annuity, derived from sources within the Colony by an individual who is a resident of Canada and subject to Canadian tax in respect thereof, shall be exempt from Colonial tax.

(3) The term "annuity" means a stated sum payable periodically at stated times, during life or during a specified or ascertainable period of time under an obligation to make the payments in consideration of money paid.

11. A professor or teacher from one of the territories who receives remuneration for teaching, during a period of temporary residence not exceeding two years, at a university, college, school or other educational institution in the other territory, shall be exempt from tax in that other territory, in respect of that remuneration.

12. A student or business apprentice from one of the territories who is receiving full-time education or training in the other territory shall be exempt from tax in that other territory on payments made to him by persons in the first-mentioned territory for the purposes of his maintenance, education or training.

13.—(1) Subject to the provisions of the law of the Colony regarding the allowance as a credit against Colonial tax of tax payable in a territory outside the Colony, Canadian tax payable in respect of income from sources within Canada shall be allowed as a credit against any Colonial tax payable in respect of that income. Where such income is an ordinary dividend paid by a Canadian debtor, the credit shall take into account (in addition to any Canadian income tax chargeable directly or by deduction in respect of the dividend) the Canadian income tax payable in respect of its profits by the company paying the dividend, and where it is a dividend paid on participating preference shares and representing both a dividend at a fixed rate to which the shares are entitled and an additional participation in profits, the Canadian income tax so payable by the company shall likewise be taken into account in so far as the dividend exceeds that fixed rate.

(2) For the purposes of the foregoing sub-paragraph and of the aforesaid provisions of the law of the Colony, so much of the tax chargeable under the law of Canada relating to excess profits tax as is chargeable otherwise than by reference to excess profits shall be treated as income tax and not as excess profits tax.

(3) Subject to the provisions of the law of Canada regarding the deduction from tax payable in Canada of tax paid in a territory outside Canada, Colonial tax payable in respect of income from sources within the Colony shall be deducted from any Canadian tax payable in respect of that income.

(4) For the purposes of this paragraph, profits or remuneration for personal (including professional) services performed in one of the territories shall be deemed to be income from sources within that territory, and the services of an individual whose services are wholly or mainly performed in ships or aircraft operated by a resident of one of the territories shall be deemed to be performed in that territory.

14.—(1) The taxation authorities of the Contracting Governments shall exchange such information (being information available under the respective taxation laws of the Contracting Governments) as is necessary for carrying out the provisions of the present Agreement or for the prevention of fraud or the administration of statutory provisions against legal avoidance in relation to the taxes which are the subject of the present Agreement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than those concerned with the assessment and collection of the taxes which are the subject of the present Agreement. No information shall be exchanged which would disclose any trade secret or trade process.

(2) The taxation authorities of the Contracting Governments may consult together as may be necessary for the purpose of carrying out the provisions of the present Agreement and, in particular, the provisions of Articles III and IV.

(3) As used in this Article, the term "taxation authorities" means, in the case of Canada, the Minister of National Revenue or his authorized representative; and in the case of the Colony, the Commissioner of Income Tax or his authorized representative.

15. The present Arrangement shall come into force on the 26th day of September, 1951, and shall thereupon have effect—

(a) in Canada as respects income taxes, including surtaxes, for the taxation year 1951 and subsequent years, and as respects excess profits tax for any fiscal period beginning on or after the first day of January, 1951, and for the unexpired portion of any fiscal period current at that date;

(b) in the Colony, as respects income tax for the year of assessment 1951 and subsequent years.

## THE INCOME TAX LAW.

(CAP. 297 and Laws 13 of 1950, 8 of 1951, 31 of 1952 and 13 of 1953.)

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DOUBLE TAXATION RELIEF (TAXES ON INCOME)  
(NEW ZEALAND) ORDER.

1. This Order may be cited as the Double Taxation Relief (Taxes on Income) (New Zealand) Order.
2. It is hereby declared—
  - (a) that the arrangements specified in the Agreement set out in the Appendix to this Order have been made with the Government of New Zealand with a view to affording relief from double taxation in relation to income tax (including social security charge) and taxes of a similar character imposed by the laws of New Zealand; and
  - (b) that it is expedient that those arrangements should have effect in relation to income tax notwithstanding anything in the Law contained.

## APPENDIX.

*Arrangement between the Government of New Zealand and the Government of Cyprus for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income.*

- 1.—(1) The taxes which are the subject of this Agreement are—
  - (a) In New Zealand:  
The income tax and the social security charge (hereinafter referred to as “New Zealand tax”).
  - (b) In Cyprus:  
The income tax (hereinafter referred to as “Colonial tax”).
- (2) This Agreement shall also apply to any other taxes of a substantially similar character imposed in New Zealand or Cyprus after this Agreement has come into force.
- 2.—(1) In this Agreement, unless the context otherwise requires—
  - (a) The term “New Zealand” includes all islands and territories within the limits thereof for the time being, including the Cook Islands.
  - (b) The term “the Colony” means Cyprus.
  - (c) The terms “one of the territories” and “the other territory” mean New Zealand or the Colony, as the context requires.
  - (d) The term “tax” means New Zealand tax or Colonial tax, as the context requires.
  - (e) The term “person” includes any body of persons, corporate or not corporate.
  - (f) The term “company” includes any body corporate.
  - (g) The term “resident of New Zealand” and “resident of the Colony” mean respectively any person who is resident in New Zealand for the purposes of New Zealand tax and not resident in the Colony for the purposes of Colonial tax and any person who is resident in the Colony for the purposes of Colonial tax and not resident in New Zealand for the purposes of New Zealand tax; and a company shall be regarded as resident in New Zealand and not resident in the Colony if its business is managed and controlled in New Zealand and as resident in the Colony and not resident in New Zealand if its business is managed and controlled in the Colony.

- (h) The terms "resident of one of the territories" and "resident of the other territory" mean a person who is a resident of New Zealand or a person who is a resident of the Colony, as the context requires.
- (i) The terms "New Zealand enterprise" and "Colonial enterprise" mean respectively an industrial or commercial enterprise or undertaking carried on by a resident of New Zealand and an industrial or commercial enterprise or undertaking carried on by a resident of the Colony; and the terms "enterprise of one of the territories" and "enterprise of the other territory" mean a New Zealand enterprise or a Colonial enterprise, as the context requires.
- (j) The term "industrial or commercial enterprise or undertaking" includes an enterprise or undertaking engaged in mining, agricultural or pastoral activities, or in the business of banking, insurance, life insurance or dealing in investments, and the term "industrial or commercial profits" includes profits from such activities or business but does not include income in the form of dividends, interest, rents, royalties, management charges, or remuneration for personal services.
- (k) The term "permanent establishment", when used with respect to an enterprise of one of the territories, means a branch, management, factory, mine, farm or other fixed place of business, but does not include an agency in the other territory, unless the agent has, and habitually exercises, a general authority to negotiate and conclude contracts on behalf of such enterprise or regularly fills orders on its behalf from a stock of goods or merchandise in that other territory.

An enterprise of one of the territories shall not be deemed to have a permanent establishment in the other territory merely because it carries on business dealings in that other territory through a bona fide broker or general commission agent acting in the ordinary course of his business as such and receiving remuneration in respect of those dealings at a rate not less than that customary in the class of business in question.

The fact that an enterprise of one of the territories maintains in the other territory a fixed place of business exclusively for the purchase of goods or merchandise shall not of itself constitute that fixed place of business a permanent establishment of the enterprise.

The fact that a company which is a resident of one of the territories has a subsidiary company which is a resident of the other territory or which is engaged in trade or business in that other territory (whether through a permanent establishment or otherwise) shall not of itself constitute that subsidiary company a permanent establishment of its parent company.

(2) The terms "New Zealand tax" and "Colonial tax", as used in the present Agreement, do not include any tax payable in New Zealand or the Colony which represents a penalty imposed under the law of New Zealand or the Colony relating to the taxes which are the subject of the present Agreement.

(3) In the application of the provisions of this Agreement by one of the contracting Governments, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that contracting Government relating to the taxes which are the subject of this Agreement.

3.—(1) The industrial or commercial profits of a Colonial enterprise shall not be subject to New Zealand tax unless the enterprise is engaged in trade or business in New Zealand through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits

by New Zealand but only on so much of them as is attributable to that permanent establishment: Provided that nothing in this paragraph shall affect any provisions of the law of New Zealand regarding the taxation of income from the business of insurance.

(2) The industrial or commercial profits of a New Zealand enterprise shall not be subject to Colonial tax unless the enterprise is engaged in trade or business in the Colony through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by the Colony, but only on so much of them as is attributable to that permanent establishment.

(3) Where an enterprise of one of the territories is engaged in trade or business in the other territory through a permanent establishment situated therein, there shall be attributed to that permanent establishment the industrial or commercial profits which it might be expected to derive in that other territory if it were an independent enterprise engaged in the same or similar activities and its dealings with the enterprise of which it is a permanent establishment were dealings at arm's length with that enterprise or an independent enterprise; and the profits so attributed shall be deemed to be income derived from sources in that other territory.

If the information available to the taxation authority concerned is inadequate to determine the profits to be attributed to the permanent establishment, nothing in this paragraph shall affect the application of the law of either territory in relation to the liability of the permanent establishment to pay tax on an amount determined by the exercise of a discretion or the making of an estimate by the taxation authority of that territory: Provided that such discretion shall be exercised or such estimate shall be made, so far as the information available to the taxation authority permits, in accordance with the principle stated in this paragraph.

(4) Profits derived by an enterprise of one of the territories from sales, under contracts concluded in that territory, of goods or merchandise stocked in a warehouse in the other territory for convenience of delivery and not for purposes of display shall not be attributed to a permanent establishment of the enterprise in that other territory, notwithstanding that the offers of purchase have been obtained by an agent of the enterprise in that other territory and transmitted by him to the enterprise for acceptance.

(5) No portion of any profits arising from the sale of goods or merchandise by an enterprise of one of the territories shall be attributed to a permanent establishment situated in the other territory by reason of the mere purchase of the goods or merchandise within that other territory.

4.—(1) Where—

- (a) an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the territories and an enterprise of the other territory, and
- (c) in either case conditions are operative between the two enterprises in their commercial or financial relations which differ from those which might be expected to operate between independent enterprises dealing at arm's length with one another, then, if by reason of those conditions profits which might be expected to accrue to one of the enterprises do not accrue to that enterprise, there may be included in the profits of that enterprise the profits which would have accrued to it if it were an independent enterprise and its dealings with the other enterprise were dealings at arm's length with that enterprise or an independent enterprise.

(2) Profits included in the profits of an enterprise of one of the territories under paragraph (1) of this Article shall be deemed to be income derived from sources in that territory and shall be taxed accordingly.



(3) If the information available to the taxation authority concerned is inadequate to determine, for the purposes of paragraph (1) of this Article, the profits which might be expected to accrue to an enterprise, nothing in that paragraph shall affect the application of the law of either territory in relation to the liability of that enterprise to pay tax on an amount determined by the exercise of a discretion or the making of an estimate by the taxation authority of that territory: Provided that such discretion shall be exercised or such estimate shall be made, so far as the information available to the taxation authority permits, in accordance with the principle stated in that paragraph.

5. Notwithstanding the provisions of Articles 3 and 4, profits which a resident of one of the territories derives from operating ships or aircraft shall be exempt from tax in the other territory.

6.—(1) Dividends paid by a company resident in one of the territories to a resident of the other territory who is subject to tax in that other territory in respect thereof and not engaged in trade or business in the first-mentioned territory through a permanent establishment situated therein, shall be exempt from any tax in that first-mentioned territory which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company: Provided that dividends paid by a company resident in New Zealand to a person who is a resident of the Colony may be included in that person's total income for the purposes of determining the amount of any New Zealand tax payable in respect of income of that person other than such dividends.

(2) Where a company which is a resident of one of the territories derives profits or income from sources within the other territory, the Government of that other territory shall not impose any form of taxation on dividends paid by the company to persons not resident in that other territory, or any tax in the nature of an undistributed profits tax on undistributed profits of the company, by reason of the fact that those dividends or undistributed profits represent, in whole or in part, profits or income so derived.

7.—(1) Any royalty derived from sources within one of the territories by a resident of the other territory who is subject to tax in that other territory in respect thereof and not engaged in trade or business in the first-mentioned territory through a permanent establishment situated therein, shall be exempt from tax in that first-mentioned territory; but no exemption shall be allowed under this Article in respect of so much of any such royalty as exceeds an amount which represents a fair and reasonable consideration for the rights for which the royalty is paid.

(2) In this Article the term "royalty" means any royalty or other amount paid as consideration for the use of, or for the privilege of using, any copyright, patent, design, secret process or formula, trade-mark, or other like property, but does not include royalties or other amounts paid in respect of the operation of mines or quarries or of the extraction or removal of timber or other natural resources or rents or royalties in respect of motion picture films.

8.—(1) Remuneration (other than pensions) paid by one of the contracting Governments to any individual for services rendered to that contracting Government in the discharge of governmental functions shall be exempt from tax in the territory of the other contracting Government if the individual is not ordinarily resident in that territory or is ordinarily resident in that territory solely for the purpose of rendering those services.

(2) The provisions of this Article shall not apply to payments in respect of services rendered in connection with any trade or business carried on by either of the contracting Governments for purposes of profit.

9.—(1) An individual who is a resident of New Zealand shall be exempt from Colonial tax on profits or remuneration in respect of personal (including professional) services performed within the Colony in any income year if—

- (a) he is present within the Colony for a period or periods not exceeding in the aggregate 183 days during that year, and
- (b) the services are performed for or on behalf of a person resident in New Zealand, and
- (c) the profits or remuneration are subject to New Zealand tax.

(2) An individual who is a resident of the Colony shall be exempt from New Zealand tax on profits or remuneration in respect of personal (including professional) services performed within New Zealand in any income year if—

- (a) he is present within New Zealand for a period or periods not exceeding in the aggregate 183 days during that year, and
- (b) the services are performed for or on behalf of a person resident in the Colony, and
- (c) the profits or remuneration are subject to Colonial tax.

(3) The provisions of this Article shall not apply to the profits or remuneration of public entertainers such as stage, motion picture or radio artists, musicians and athletes.

10.—(1) Any pension or annuity derived from sources within one of the territories by an individual who is a resident of the other territory and liable to tax in that other territory in respect thereof, shall be exempt from tax in the first-mentioned territory.

(2) The term “annuity” means a stated sum payable periodically at stated times, during life or during a specified or ascertainable period of time, under an obligation to make the payments in consideration of money paid.

11. A professor or teacher from one of the territories who receives remuneration for teaching, during a period of temporary residence not exceeding two years, at a university, college, school or other educational institution in the other territory, shall be exempt from tax in that other territory in respect of that remuneration.

12. A student or business or trade apprentice from one of the territories who is receiving full-time education or training in the other territory shall be exempt from tax in that other territory on payments made to him by persons in the first-mentioned territory for the purposes of his maintenance, education or training.

13. Income of a person who is a resident of the Colony (other than dividends paid by a company resident in New Zealand) which is exempt from New Zealand tax under any provision of the present Agreement shall not be included in that person's total income for the purposes of determining the amount of any New Zealand tax payable in respect of income of that person which is assessable to New Zealand tax.

14.—(1) Subject to the provisions of the law of the Colony regarding the allowance as a credit against Colonial tax of tax payable in a territory outside the Colony, Colonial tax payable, whether directly or by deduction, in respect of income from sources within the Colony shall be allowed as a credit against any Colonial tax payable in respect of that income. Where such income is an ordinary dividend paid by a company resident in New Zealand, the credit shall take into account the New Zealand tax payable in respect of its profits by the company paying the dividend, and where it is a dividend paid on participating preference shares and representing both a dividend at the fixed rate to which the shares are entitled and an additional participation in profits, the New Zealand tax so payable by the company shall likewise be taken into account in so far as the dividend exceeds that fixed rate.

For the purposes of this paragraph any amount which is included in a person's taxable income under any provision of the law of New Zealand regarding the taxation of income from the business of insurance shall be deemed to be derived from sources in New Zealand.

(2) Where New Zealand tax is payable in respect of income derived from sources in the Colony by a person who is a resident of New Zealand, being income in respect of which Colonial tax is payable, whether directly or by deduction, the Colonial tax so payable (reduced by the amount of any relief or repayment attributable to that income to which that person is entitled under the law of the Colony) shall subject to such provisions (which shall not affect the general principle hereof) as may be enacted in New Zealand, be allowed as a credit against the New Zealand tax (other than the social security charge) payable in respect of that income :

Provided that where the income is a dividend paid by a company resident in the Colony the credit shall be allowed only if the recipient elects for the purposes of this paragraph to have the amount of such dividend together with the Colonial tax (as so reduced) included in his assessable income for the purposes of New Zealand tax.

(3) For the purposes of this Article profits or remuneration for personal (including professional) services performed in one of the territories shall be deemed to be income from sources within that territory, and the services of an individual whose services are wholly or mainly performed in ships or aircraft operated by a resident of one of the territories shall be deemed to be performed in that territory.

15.—(1) The taxation authorities of the contracting Governments shall exchange such information (being information available under the respective taxation laws of the contracting Governments) as is necessary for carrying out the provisions of this Agreement or for the prevention of fraud or for the administration of statutory provisions against legal avoidance in relation to the taxes which are the subject of this Agreement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than persons (including a Court) concerned with the assessment or collection of, or the determination of appeals in relation to, the taxes which are the subject of this Agreement. No information shall be exchanged which would disclose any trade secret or trade process.

(2) As used in this Article, the term "taxation authorities" means, in the case of New Zealand, the Commissioner of Taxes or his authorized representatives ; in the case of the Colony, the Commissioner of Income Tax or his authorized representative.

16. This Agreement shall come into force on the date on which the last of all such things shall have been done in New Zealand and the Colony as are necessary to give the Agreement the force of law in New Zealand and the Colony respectively, and shall thereupon have effect—

- (a) in New Zealand, as respects income tax for the year of assessment beginning on the 1st day of April, 1951, and subsequent years ; as respects social security charge on salaries and wages as from the 1st day of April, 1951 ; and as respects social security charge on income other than salaries and wages for the financial year beginning on the 1st day of April, 1950, and subsequent years ;
- (b) in the Colony, as respects income tax for the year of assessment beginning on the 1st day of January, 1951, and subsequent years.

17. This Agreement shall continue in effect indefinitely but either of the contracting Governments may, on or before the 30th day of September in any calendar year after the year 1951 give notice of termination to the other contracting Government and, in such event, this Agreement shall cease to be effective—

- (a) in New Zealand, for any year of assessment beginning on or after the 1st day of April in the calendar year next following that in which such notice is given ;
- (b) in the Colony, for any year of assessment beginning on or after the 1st day of January in the calendar year next following that in which such notice is given.

**THE INCOME TAX LAW.**

**(CAP. 297 and Laws 13 of 1950, 8 of 1951, 31 of 1952  
and 13 of 1953.)**

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**DOUBLE TAXATION RELIEF (TAXES ON INCOME)  
(UNITED KINGDOM) ORDER.**

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

2. It is hereby declared—

- (a) that the arrangements specified in the Arrangement set out in the Appendix to this Order have been made with Her Majesty's Government in the United Kingdom with a view to affording relief from double taxation in relation to income tax (including sur-tax), excess profits tax or the national defence contribution and taxes of a similar character imposed by the Laws of the United Kingdom ; and
- (b) that it is expedient that those arrangements should have effect in relation to income tax notwithstanding anything in the Law contained.

Appendix.

APPENDIX.

*Arrangement between Her Majesty's Government and the Government of Cyprus  
for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion  
with Respect to Taxes on Income.*

1.—(1) The taxes which are the subject of this Arrangement are—

(a) In the United Kingdom :

The income tax (including sur-tax) and the profits tax (hereinafter referred to as " United Kingdom tax ").

(b) In Cyprus :

The income tax (hereinafter referred to as " Colonial tax ").

(2) This Arrangement shall also apply to any other taxes of a substantially similar character imposed in the United Kingdom or Cyprus after this Arrangement has come into force.

2.—(1) In this Arrangement, unless the context otherwise requires—

(a) The term " United Kingdom " means Great Britain and Northern Ireland, excluding the Channel Islands and the Isle of Man.

(b) The term " the Colony " means Cyprus.

(c) The terms " one of the territories " and " the other territory " mean the United Kingdom or the Colony, as the context requires.

(d) The term " tax " means United Kingdom tax or Colonial tax, as the context requires.

(e) The term " person " includes any body of persons, corporate or not corporate.

(f) The term " company " includes any body corporate.

(g) The terms " resident of the United Kingdom " and " resident of the Colony " mean respectively any person who is resident in the United Kingdom for the purposes of United Kingdom tax and not resident in the Colony for the purposes of Colonial tax and any person who is resident in the Colony for the purposes of Colonial tax and not resident in the United Kingdom for the purposes of United Kingdom tax ; and a company shall be regarded as resident in the United Kingdom if its business is managed and controlled in the United Kingdom and as resident in the Colony if its business is managed and controlled in the Colony.

(h) The terms " resident of one of the territories " and " resident of the other territory " mean a person who is a resident of the United Kingdom or a person who is a resident of the Colony, as the context requires.

- (i) The terms "United Kingdom enterprise" and "Colonial enterprise" mean respectively an industrial or commercial enterprise or undertaking carried on by a resident of the United Kingdom and an industrial or commercial enterprise or undertaking carried on by a resident of the Colony; and the terms "enterprise of one of the territories" and "enterprise of the other territory" mean a United Kingdom enterprise or a Colonial enterprise, as the context requires.
- (j) The term "industrial or commercial profits" includes rentals in respect of cinematograph films.
- (k) The term "permanent establishment", when used with respect to an enterprise of one of the territories, means a branch, management or other fixed place of business, but does not include an agency unless the agent has, and habitually exercises, a general authority to negotiate and conclude contracts on behalf of such enterprise or has a stock of merchandise from which he regularly fills orders on its behalf.

An enterprise of one of the territories shall not be deemed to have a permanent establishment in the other territory merely because it carries on business dealings in that other territory through a bona fide broker or general commission agent acting in the ordinary course of his business as such.

The fact that an enterprise of one of the territories maintains in the other territory a fixed place of business exclusively for the purchase of goods or merchandise shall not of itself constitute that fixed place of business a permanent establishment of the enterprise.

The fact that a company which is a resident of one of the territories has a subsidiary company which is a resident of the other territory or which is engaged in trade or business in that other territory (whether through a permanent establishment or otherwise) shall not of itself constitute that subsidiary company a permanent establishment of its parent company.

(2) Where under this Arrangement any income is exempt from tax in one of the territories if (with or without other conditions) it is subject to tax in the other territory, and that income is subject to tax in that other territory by reference to the amount thereof which is remitted to or received in that other territory, the exemption to be allowed under this Arrangement in the first-mentioned territory shall apply only to the amount so remitted or received.

(3) In the application of the provisions of this Arrangement by the United Kingdom or the Colony, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of the United Kingdom, or, as the case may be, the Colony, relating to the taxes which are the subject of this Arrangement.

3.—(1) The industrial or commercial profits of a United Kingdom enterprise shall not be subject to Colonial tax unless the enterprise is engaged in trade or business in the Colony through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by the Colony but only on so much of them as is attributable to that permanent establishment.

(2) The industrial or commercial profits of a Colonial enterprise shall not be subject to United Kingdom tax unless the enterprise is engaged in trade or business in the United Kingdom through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by the United Kingdom, but only on so much of them as is attributable to that permanent establishment: Provided that nothing in this paragraph shall affect any provisions of the law of the United Kingdom regarding the imposition of excess profits tax and profits tax in the case of inter-connected companies.

(3) Where an enterprise of one of the territories is engaged in trade or business in the other territory through a permanent establishment situated therein, there shall be attributed to that permanent establishment the industrial or commercial profits which it might be expected to derive from its activities in that other territory if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing at arm's length with the enterprise of which it is a permanent establishment.

(4) No portion of any profits arising from the sale of goods or merchandise by an enterprise of one of the territories shall be attributed to a permanent establishment situated in the other territory by reason of the mere purchase of the goods or merchandise within that other territory.

4. Where—

- (a) an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the territories and an enterprise of the other territory, and
- (c) in either case conditions are made or imposed between the two enterprises, in their commercial or financial relations, which differ from those which would be made between independent enterprises, then any profits which would but for those conditions have accrued to one of the enterprises but by reason of those conditions have not so accrued may be included in the profits of that enterprise and taxed accordingly.

5. Notwithstanding the provisions of paragraphs 3 and 4, profits which a resident of one of the territories derives from operating ships or aircraft shall be exempt from tax in the other territory.

6.—(1) Dividends paid by a company resident in one of the territories to a resident of the other territory who is subject to tax in that other territory in respect thereof and not engaged in trade or business in the first-mentioned territory through a permanent establishment situated therein, shall be exempt from any tax in that first-mentioned territory which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company.

(2) Where a company which is a resident of one of the territories derives profits or income from sources within the other territory, the Government of that other territory shall not impose any form of taxation on dividends paid by the company to persons not resident in that other territory, or any tax in the nature of an undistributed profits tax on undistributed profits of the company, by reason of the fact that those dividends or undistributed profits represent, in whole or in part, profits or income so derived.

7.—(1) Any royalty derived from sources within one of the territories by a resident of the other territory who is subject to tax in that other territory in respect thereof and is not engaged in trade or business in the first-mentioned territory through a permanent establishment situated therein, shall be exempt from tax in that first-mentioned territory; but no exemption shall be allowed under this paragraph in respect of so much of any royalty as exceeds an amount which represents a fair and reasonable consideration for the rights for which the royalty is paid.

(2) In this paragraph the term "royalty" means any royalty or other amount paid as consideration for the use of, or for the privilege of using, any copyright, patent, design, secret process or formula, trade-mark, or other like property, but does not include a royalty or other amount paid in respect of the operation of a mine or quarry or of other extraction of natural resources.

8.—(1) Remuneration, including pensions, paid by the Government of one of the territories to any individual for services rendered to that Government in the discharge of governmental functions shall be exempt from tax in the other territory if the individual is not ordinarily resident in that other

territory or (where the remuneration is not a pension) is ordinarily resident in that other territory solely for the purpose of rendering those services.

(2) The provisions of this paragraph shall not apply to payments in respect of services rendered in connection with any trade or business carried on by either of the Governments for purposes of profit.

9.—(1) An individual who is a resident of the United Kingdom shall be exempt from Colonial tax on profits or remuneration in respect of personal (including professional) services performed within the Colony in any year of assessment if—

(a) he is present within the Colony for a period or periods not exceeding in the aggregate 183 days during that year, and

(b) the services are performed for or on behalf of a person resident in the United Kingdom, and

(c) the profits or remuneration are subject to United Kingdom tax.

(2) An individual who is a resident of the Colony shall be exempt from United Kingdom tax on profits or remuneration in respect of personal (including professional) services performed within the United Kingdom in any year of assessment if—

(a) he is present within the United Kingdom for a period or periods not exceeding in the aggregate 183 days during that year, and

(b) the services are performed for or on behalf of a person resident in the Colony, and

(c) the profits or remuneration are subject to Colonial tax.

(3) The provisions of this paragraph shall not apply to the profits or remuneration of public entertainers such as stage, motion picture or radio artists, musicians and athletes.

10.—(1) Any pension (other than a pension paid by the Government of the Colony for services rendered to it in the discharge of governmental functions) and any annuity, derived from sources within the Colony by an individual who is a resident of the United Kingdom and subject to United Kingdom tax in respect thereof, shall be exempt from Colonial tax.

(2) Any pension (other than a pension paid by the Government of the United Kingdom for services rendered to it in the discharge of governmental functions) and any annuity, derived from sources within the United Kingdom by an individual who is a resident of the Colony and subject to Colonial tax in respect thereof, shall be exempt from United Kingdom tax.

(3) The term “annuity” means a stated sum payable periodically at stated times, during life or during a specified or ascertainable period of time, under an obligation to make the payments in consideration of money paid.

11. The remuneration derived by a professor or teacher who is ordinarily resident in one of the territories, for teaching, during a period of temporary residence not exceeding two years, at a university, college, school or other educational institution in the other territory, shall be exempt from tax in that other territory.

12. A student or business apprentice from one of the territories who is receiving full-time education or training in the other territory shall be exempt from tax in that other territory on payments made to him by persons in the first-mentioned territory for the purposes of his maintenance, education or training.

13.—(1) Subject to the provisions of the law of the United Kingdom regarding the allowance as a credit against United Kingdom tax of tax payable in a territory outside the United Kingdom, Colonial tax payable, whether directly or by deduction, in respect of income from sources within the Colony shall be allowed as a credit against any United Kingdom tax payable in respect of that income.

(2) Subject to the provisions of the law of the Colony regarding the allowance as a credit against Colonial tax of tax payable in a territory outside the Colony, United Kingdom tax payable, whether directly or by deduction, in respect of income from sources within the United Kingdom shall be allowed as a credit against any Colonial tax payable in respect of that income.

Where such income is an ordinary dividend paid by a company resident in the United Kingdom, the credit shall take into account (in addition to any United Kingdom income tax appropriate to the dividend) the United Kingdom profits tax payable by the company in respect of its profits, and where it is a dividend paid on participating preference shares and representing both a dividend at the fixed rate to which the shares are entitled and an additional participation in profits, the profits tax so payable by the company shall likewise be taken into account in so far as the dividend exceeds that fixed rate.

(3) For the purposes of this paragraph profits or remuneration for personal (including professional) services performed in one of the territories shall be deemed to be income from sources within that territory, and the services of an individual whose services are wholly or mainly performed in ships or aircraft operated by a resident of one of the territories shall be deemed to be performed in that territory.

14.—(1) The taxation authorities of the United Kingdom and the Colony shall exchange such information (being information available under their respective taxation laws) as is necessary for carrying out the provisions of this Arrangement or for the prevention of fraud or the administration of statutory provisions against legal avoidance in relation to the taxes which are the subject of this Arrangement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than those concerned with the assessment and collection of the taxes which are the subject of this Arrangement. No information shall be exchanged which would disclose any trade secret or trade process.

(2) As used in this paragraph, the term "taxation authorities" means the Commissioners of Inland Revenue or their authorized representative in the case of the United Kingdom and the Commissioner of Income Tax or his authorized representative in the case of the Colony.

15. This Arrangement shall come into force on the date on which the last of all such things shall have been done in the United Kingdom and the Colony as are necessary to give the Arrangement the force of law in the United Kingdom and the Colony respectively, and shall thereupon have effect—

- (a) in the United Kingdom, as respects income tax for the year of assessment beginning on the 6th day of April, 1946, and subsequent years; as respects sur-tax for the year of assessment beginning on the 6th day of April, 1945, and subsequent years; and as respects profits tax for any chargeable accounting period beginning on or after the first day of January, 1947, and for the unexpired portion of any chargeable accounting period current at that date;
- (b) in the Colony, as respects income tax for the year of assessment beginning on the first day of January, 1946, and subsequent years.

16. This Arrangement shall continue in effect indefinitely but either of the Governments may, on or before the 30th day of June in any calendar year after the year 1947, give notice of termination to the other Government and, in such event, this Arrangement shall cease to be effective—

- (a) in the United Kingdom as respects income tax for any year of assessment beginning on or after the 6th day of April in the calendar year next following that in which such notice is given; as respects sur-tax for any year of assessment beginning on or after the 6th day of April in the calendar year in which such notice is given; and as respects profits tax for any chargeable accounting period beginning on or after the first day of April in the calendar year next following that in which such notice is given and for the unexpired portion of any chargeable accounting period current at that date;
- (b) in the Colony, as respects income tax for any year of assessment beginning on or after the first day of January in the calendar year next following that in which such notice is given.



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and 13 of 1953.)

## CONDITIONS FOR EXEMPTION UNDER SECTION 8 (n).

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The following conditions shall be imposed and shall be observed in connection with any claim made for the exemption from income tax under paragraph (n) of section 8 of the Income Tax Law :—

1. The rules of the body of persons shall provide that :—

- (a) its only purpose is the promotion of art, science or sport ;
- (b) its activities shall be confined solely to those of an artistic, scientific or sporting nature ;
- (c) no part of its income shall be applied for any purpose other than the aforesaid activities ;
- (d) no part of its funds, after settlement of all its liabilities, shall, in any circumstances, be returned to any of its members.

2. For any year of assessment in respect of which the body of persons desires to claim exemption it shall apply in writing to the Commissioner (of Income Tax) within twelve months from the end of such year of assessment and such application shall be accompanied by a certificate signed by the Commissioner of the District concerned that to the best of his knowledge and belief the applicant has been exclusively concerned during the year immediately preceding the year of assessment with activities as defined in paragraph 1.

3. The Commissioner (of Income Tax) shall not grant the exemption unless the applicant satisfies him that during the year immediately preceding the year of assessment no part of the funds of the applicant has been expended on any activities other than those defined in paragraph 1 : Provided that if the Commissioner (of Income Tax) refuses exemption on the ground that although each item of expenditure and the nature thereof has been established to his satisfaction he is of the opinion that a particular item or items of such expenditure has or have been incurred on activities other than those hereinbefore defined, the applicant may within thirty days from the date of the refusal of the Commissioner (of Income Tax) to grant the exemption, appeal against such decision to the Governor whose decision thereon shall be final and conclusive.

4. The Commissioner (of Income Tax) shall in no case grant exemption where more than one-tenth of the gross income (before deduction of expenses) of the body of persons during the year immediately preceding the year of assessment was received from the profits derived from any sweepstake or pari-mutuel approved by the Governor under section 18 (c) of the Betting Houses, Gaming Houses, Lotteries and Gambling Prevention Law, Cap. 48.

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(CAP. 297 and Laws 13 of 1950, 8 of 1951, 31 of 1952  
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## INCOME TAX RULES.

41 Vol. II 248  
43 Vol. II 35  
44 Vol. II 36  
52 Vol. II 528  
Gaz.:  
Suppl. No. 3:  
23.7.1953  
Cap. 297  
13 of 1950  
8 of 1951  
31 of 1952  
13 of 1953

1. These rules may be cited as the Income Tax (Dates of Payment) Rules.
2. Save as provided in Rules 5, 6 and 6A of the Income Tax (Deduction from Emoluments) Rules, income tax shall be payable by the 1st day of December in the year of assessment.
3. Income tax payable in respect of additional assessments shall be payable within thirty days after the service of a notice of assessment.

THE INCOME TAX LAW.

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INCOME TAX RULES.

41 Vol. II 122  
Cap. 297  
13 of 1950  
8 of 1951  
31 of 1952  
13 of 1953

1. These rules may be cited as the Income Tax (Declaration for Secrecy) Rules.

2. The declaration to be made and subscribed under section 4 of the Income Tax Law by every person having any official duty or being employed in the administration of the said Law shall be in the form set out in the Appendix hereto.

APPENDIX.

The Income Tax Law, Cap. 297, and Laws 13 of 1950, 8 of 1951, 31 of 1952 and 13 of 1953.

(Rule 2.)

DECLARATION UNDER SECTION 4.

I, ....., of ..... of the Income Tax Office of the Inland Revenue Department do solemnly, sincerely and truly declare that I will regard and deal with all documents, information, returns, assessment lists, and copies of such lists relating to the income or items of income of any person, as secret and confidential, and that I will not at any time communicate or attempt to communicate such information or anything contained in such documents, returns, lists or copies to any person other than a person to whom I am authorized by the Governor to communicate it or otherwise than for the purposes of the Income Tax Law.

Signature.....

Declared before me at Nicosia, this..... day of....., 19.....

District Judge.

## THE INCOME TAX LAW.

(Cap. 297 and Laws 13 of 1950, 8 of 1951, 31 of 1952  
and 13 of 1953.)

## 52 Vol.II 528 INCOME TAX (DEDUCTION FROM EMOLUMENTS) RULES.

*Gaz.*  
Suppl. No. 3: 23.7.1953.

1. These rules may be cited as the Income Tax (Deduction from Emoluments) Rules.

2.—(1) In these rules, unless the context otherwise requires—

“*emoluments*” means all emoluments as defined in section 56A of the Law, but shall not include emoluments of an office or employment held by a person in the course of trade, business, profession or vocation if either—

(a) any emoluments of that office or employment were taken into account in the case of that person in computing the profits or gains of that trade, business, profession or vocation for the purposes of income tax for the year 1952 and subsequent years of assessment ;

(b) the office or employment is such that the emoluments thereof would ordinarily be taken into account in computing the profits or gains of that trade, business, profession or vocation ;

“*tax tables*” means the tax tables prepared by the Commissioner under section 56C (1) (a) of the Law ;

“*total annual allowances*” means three hundred pounds plus the aggregate of any deductions to which a person is entitled under sections 15 and 16 of the Income Tax Law.

(2) Any references in these rules to employee include any person in receipt of a pension and the words employer and emoluments shall be construed accordingly.

3.—(1) Every employee who is a married woman living with her husband shall submit to her employer a declaration to that effect in the form provided by the Commissioner on first receiving emoluments from her employer and thereafter on the 1st day of January in every year during which she is an employee.

(2) Every employee who, not being a married woman living with her husband, is in receipt of emoluments at a rate in excess of three hundred pounds a year shall submit to his or her employer a declaration showing allowances claimed for children and life assurance and other premiums in such form as may be prescribed by the Commissioner on first receiving such emoluments from his or her employer and thereafter on the first day of January in every year during which he or she is an employee.

4.—(1) On receiving from an employee a declaration made under paragraph (2) of rule 3 the employer shall ascertain what amount of the total annual allowances claimed is applicable to each periodical payment of emoluments as follows :—

(a) in the case of an employee who is paid monthly by dividing the total annual allowances claimed by twelve ;

(b) in the case of an employee who is paid weekly by dividing the total annual allowances claimed by fifty-two,

and shall enter the amount as thus ascertained (hereinafter referred to as the “*free emoluments*”) in the appropriate part of the declaration form and after such ascertainment shall transmit the declaration to the Commissioner.

(2) Where emoluments are payable to any employee at intervals other than intervals of a week or a month such employee shall be deemed for the purposes of these rules to be an employee who is paid monthly and any deduction of income tax made under paragraph (1) of rule 5 shall be made from the last payment in any month and shall be computed by reference to the total taxable emoluments (as defined in rule 5 (i)) paid during that month.

(3) If no declaration under either paragraph (1) or (2) of rule 3 has been received from an employee the total annual allowances for such employee shall be deemed to be three hundred pounds and the employer shall ascertain the free emoluments in the manner prescribed in paragraph (1) of this rule.

(4) The free emoluments shall be calculated to the nearest shilling and for this purpose amounts less than five piales shall be ignored and amounts of five piales or more shall be deemed to be one shilling.

(5) In any case where a person commences employment in the Colony during any year he may apply to the Commissioner for his free emoluments for that year to be fixed by reference to the unexpired portion of the year and the Commissioner shall determine the free emoluments for that year accordingly and shall notify the employer what is the amount of the free emoluments as thus determined.

(6) In any case where a person is in receipt of emoluments from more than one employer at the same time the Commissioner may on the request of the employee determine and notify each of such employers in writing the amount to be deducted by each of such employers for income tax from the emoluments of such employee.

5.—(1) Every employer when paying emoluments to an employee in excess of the free emoluments (such excess emoluments hereinafter referred to as "taxable emoluments") shall deduct such amount of income tax as shall be prescribed in the tax tables :

Provided that if an employee has made a declaration under paragraph (1) of rule 3 that she is a married woman living with her husband no deduction for income tax shall be made from her emoluments :

Provided further that if the employee has not made a declaration under either paragraph (1) or (2) of rule 3 any deduction of income tax shall be such amount as is provided for a bachelor or spinster.

(2) In deciding the amount of tax to be deducted the taxable emoluments shall be calculated to the nearest pound and for this purpose amounts of ten shillings or less shall be ignored and amounts in excess of ten shillings shall be deemed to be one pound.

(3) If an employer makes a payment in respect of overtime, bonus or other extra earnings to an employee whose main emoluments are paid monthly or weekly and that payment is made at an earlier date in the month or week than the date on which the main emoluments are paid, no deduction for income tax shall be made from such payment but in making the deduction of income tax from the main emoluments next payable it shall be computed by reference to the total taxable emoluments paid during that month or week including such payment in respect of overtime, bonus or other extra earnings.

(4) Where an employer proposes to pay a bonus or other substantial additional emoluments the Commissioner shall, on the request of the employer, determine the amount to be deducted for income tax in respect of such additional emoluments.

(5) If any emoluments are paid by the employer after the date of the employee's death in respect of his employment with him the employer shall, on making such payment, deduct tax as if the deceased employee were still in his employment at the date of the payment.

6.—(1) Every employer shall, not later than the fifteenth day of every month, pay to the Comptroller the total amount of the deductions made by him during the preceding month and shall at the same time submit to the Comptroller a return of the emoluments paid and deductions made by him in the form prescribed by the Commissioner.

(2) Where in any month an employer ceases to make deductions from the emoluments of an employee from whose emoluments he made deductions in the preceding month, such employer shall include the name of such employee in the return specified in sub-paragraph (1) and state the reason for such non-deduction.

(3)—(a) If within thirty days of the end of any month the employer has not rendered to the Comptroller a return as required by paragraph (1) of this rule the Commissioner shall to the best of his judgment determine the total amount of the deductions made by the employer during the preceding month and shall serve a notice in writing on the employer calling upon him to pay to the Comptroller the amount as thus determined within the time to be limited in such notice. Such amount shall thereupon be payable at the expiration of the time limited.

(b) The provisions of the Law relating to objections and appeals shall apply to any determination of the Commissioner under this paragraph, but collection of the amount in cases where notice of objection or appeal has been given shall not remain in abeyance until such objection or appeal is determined and the Comptroller may enforce payment forthwith.

(4) If any amounts due to be paid under this rule are not paid within the time provided the provisions of sections 53 and 55 of the Law shall apply.

6A.—(1) In cases of casual employment, and in any other class of case in which the Commissioner is of opinion that deduction of tax by reference to the tax tables is impracticable, he may make special arrangements for the collection of the tax in respect of any emoluments and may in particular direct that the following provisions of this rule shall apply.

(2) As early in the year as may be the Commissioner shall make an assessment for that year in an amount equal, to the best of his judgment, to the employee's emoluments for that year.

(3) The Commissioner shall serve a notice of assessment on the employee, and the provisions of the Law relating to objections and appeals shall apply accordingly.

(4) The Commissioner shall transmit to the Comptroller particulars of the tax payable under the assessment.

(5) The tax payable under the assessment shall be paid to the Comptroller in not more than four equal instalments during the period beginning twenty-one days after the service of the notice of assessment and ending on the following 31st December, and the Commissioner shall prescribe the dates on which each instalment shall be payable.

(6) If the employee proves that his emoluments for the period from the beginning of the year to the following 31st March amounted to less than one-quarter of the amount of the assessment and that the first instalment of the tax paid by him exceeds the tax which would have been so payable if the assessment had been made in an amount equal to four times those emoluments, the Commissioner may direct that the instalment next payable shall be reduced by the amount of the excess.

(7) The provisions of paragraph (6) of this rule shall apply with the necessary modifications where the employee proves that his emoluments for the period from the beginning of the year to the following 30th June or 30th September amounted to less than one-half or three-quarters respectively of the amount of the assessment.

(8) Subject to the provisions of section 42 of the Law, the Commissioner shall, after the end of the year, ascertain the amount of the employee's emoluments for the year, and—

(a) if the said amount is less than the amount assessed, the assessment shall be reduced accordingly and any tax overpaid shall be repaid ;

(b) if the said amount is greater than the amount assessed, an additional assessment shall be made, and the provisions of paragraphs (3) and (4) of this rule shall apply in the case of any such additional assessment.

7.—(1) Every employer shall furnish to every employee from whose emoluments he has made deductions a certificate in the form prescribed by the Commissioner showing the total emoluments paid and the tax deducted therefrom.

(2) Every employer shall give an employee who leaves his employment, and from whom the employer has received a declaration under rule 3, a certificate in the form prescribed by the Commissioner.

8. Every employer when called upon to do so by the Commissioner or any officer authorized by him shall produce to him or to that officer for inspection at the employer's premises all wages sheets and other documents and records whatsoever relating to the calculation or payment of the emoluments of his employees or the deduction of tax therefrom.

9. If an employer dies, anything which he would have been liable to do under these rules shall be done by his personal representative.

10.—(1) Income tax in respect of emoluments shall be assessed and charged by the Commissioner who shall serve a notice of assessment under section 38 (1) of the Law on every employee assessed by whom tax is payable or from whose emoluments any tax was deducted during the year of assessment.

(2) If the tax payable under the assessment is less than the total tax deducted from the employee's emoluments in respect of the year the Commissioner shall repay the difference to the employee :

Provided that if the difference is less than two pounds it shall not be repaid but shall remain to the credit of the employee and shall be taken into account in determining any difference in the following year.

(3) If the tax payable under the assessment exceeds the total tax deducted from the employee's emoluments in respect of the year the Commissioner shall require the employee to pay the difference to the Comptroller :

Provided that where the employee's emoluments are paid out of the revenue of the Colony the difference shall be paid by the deduction of an amount equal to the difference from the emoluments payable to such an employee in respect of the month following the month in which notice of the amount payable by such employee has been given by registered post :

Provided also that if the difference is less than two pounds it shall not be collected but shall remain in abeyance and be taken into account in determining any difference in the following year.

(4) The provisions of the Law relating to objections and appeals shall apply to any assessment made under this rule.

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## INCOME TAX RULES.

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Cap. 297  
13 of 1950  
8 of 1951  
31 of 1952  
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1. These rules may be cited as the Income Tax (Notices and Returns to Commissioner) Rules.

2. The notice required to be given to the Commissioner under sub-section (1) of section 32 of the Income Tax Law by every person chargeable with tax shall be given by the 28th day of February in every year.

3. The notice to be given to the Commissioner under sub-section (3) of section 32 of the Income Tax Law by every employer liable to render a return under sub-section (4) of section 32 of the said Law of persons employed by him shall be given by the 28th day of February in every year.

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