



Treaty Series No. 62 (1975)

Protocol
amending the Agreement
between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of Barbados
for the Avoidance of Double Taxation and
the Prevention of Fiscal Evasion with respect
to Taxes on Income and Capital Gains,
signed at Bridgetown on 26 March 1970

Bridgetown, 18 September 1973

[The Protocol entered into force on 12 December 1973]

Presented to Parliament
by the Secretary of State for Foreign and Commonwealth Affairs
by Command of Her Majesty
April 1975

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HER MAJESTY'S STATIONERY OFFICE

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PROTOCOL
AMENDING THE AGREEMENT BETWEEN THE GOVERNMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN AND
NORTHERN IRELAND AND THE GOVERNMENT OF BARBADOS
FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE
PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES
ON INCOME AND CAPITAL GAINS, SIGNED AT BRIDGETOWN
ON 26 MARCH, 1970

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

Desiring to conclude a protocol to amend the Agreement between the Contracting Governments for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital gains, signed at Bridgetown on 26 March, 1970,⁽¹⁾ (hereinafter referred to as "the Agreement");

Have agreed as follows:

ARTICLE 1

Article 9 of the Agreement shall be deleted and replaced by the following:

“ARTICLE 9

Dividends

- (1) (a) Dividends paid by a company which is a resident of the United Kingdom to a resident of Barbados may be taxed in Barbados.
 - (b) Where a resident of Barbados is entitled to a tax credit in respect of such a dividend under paragraph (2) of this Article tax may also be charged in the United Kingdom, and according to the laws of the United Kingdom, on the aggregate of the amount or value of that dividend and the amount of that tax credit at a rate not exceeding 15 per cent.
 - (c) Except as aforesaid, dividends paid by a company which is a resident of the United Kingdom to a resident of Barbados who is subject to tax in Barbados on them shall be exempt from any tax in the United Kingdom which is chargeable on dividends.
- (2) A resident of Barbados who receives dividends from a company which is a resident of the United Kingdom shall, subject to the provisions of paragraph (3) of this Article and provided he is subject to tax in Barbados on those dividends, be entitled to the tax credit in respect thereof to which an individual resident in the United Kingdom would have been entitled had he received those dividends, and to the payment of any excess of such credit over his liability to United Kingdom tax.

⁽¹⁾ Treaty Series No. 93 (1970), Cmnd. 4496.

- (3) Paragraph (2) of this Article shall not apply where the recipient of the dividend is a company which, either alone or together with one or more associated companies, controls directly or indirectly at least 10 per cent of the voting power in the company paying the dividends. For the purposes of this paragraph two companies shall be deemed to be associated if one is controlled directly or indirectly by the other, or both are controlled directly or indirectly by a third company.
- (4) Dividends paid by a company which is a resident of Barbados to a resident of the United Kingdom who is subject to tax in the United Kingdom in respect thereof shall be exempt from any tax in Barbados which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company.
- (5) Subject to the provisions of paragraph (5) of Article 10 and paragraph (5) of Article 11 the term "dividends" includes any item which, under the law of the Contracting State of which the company paying the dividend is a resident, is treated as a distribution of a company.
- (6) If the recipient of a dividend is a company which owns 10 per cent or more of the class of shares in respect of which the dividend is paid, then paragraphs (1) and (2) or, as the case may be, paragraph (4) of this Article shall not apply to the dividend to the extent that it can have been paid only out of profits which the company paying the dividend earned or other income which it received in a period ending twelve months or more before the relevant date. For the purposes of this paragraph the term "relevant date" means the date on which the beneficial owner of the dividend became the owner of 10 per cent or more of the class of shares in question.

Provided that this paragraph shall not apply if the beneficial owner of the dividend shows that the shares were acquired for bona fide commercial reasons and not primarily for the purpose of securing the benefit of this Article.

- (7) The provisions of paragraphs (1) and (2) or, as the case may be, paragraph (4) of this Article shall not apply where a resident of a Contracting State has a permanent establishment in the other Contracting State and the holding by virtue of which the dividends are paid is effectively connected with a business carried on through that permanent establishment. In such a case the dividends shall be treated as if they were industrial or commercial profits to which the provisions of Article 6 are applicable.
- (8) Where a company which is a resident of a Contracting State derives profits or income from sources within the other Contracting State, that other State shall not impose any form of taxation on dividends paid by the company to persons not resident in that other State, 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."

ARTICLE 2

This Protocol, which shall form an integral part of the Agreement, shall come into force when the last of all such things shall have been done in the United Kingdom and Barbados as are necessary to give the Protocol the force of law in the United Kingdom and Barbados respectively, and shall thereupon have effect in relation to dividends paid on or after 6 April 1973.⁽²⁾

In witness whereof, the undersigned, duly authorised by their respective Governments, have signed this Protocol.

Done in duplicate at Bridgetown this eighteenth day of September, one thousand nine hundred and seventy-three.

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

J. R. JOHNSON
Acting High Commissioner

For the Government of Barbados:

ERROL W. BARROW
*Prime Minister and Minister of
Finance*

⁽²⁾ The Protocol entered into force on 12 December 1973.