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UNITED STATES



Treaty Series No. 33 (1959)

Supplementary Protocol

between the Government of the
United Kingdom of Great Britain and Northern Ireland
and the Government of the United States of America
amending the Convention signed at Washington
on April 16, 1945

for the avoidance of Double Taxation and
the Prevention of Fiscal Evasion with
respect to Taxes on Income,
as later modified

Washington, August 19, 1957

[Ratifications were exchanged on October 15, 1958]

*Presented to Parliament by the Secretary of State for Foreign Affairs
by Command of Her Majesty
April 1959*

LONDON

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SUPPLEMENTARY PROTOCOL BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE UNITED STATES OF AMERICA AMENDING THE CONVENTION FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME, SIGNED AT WASHINGTON ON THE 16th APRIL 1945, AS MODIFIED BY THE SUPPLEMENTARY PROTOCOL SIGNED AT WASHINGTON ON THE 6th JUNE 1946, AND BY THE SUPPLEMENTARY PROTOCOL SIGNED AT WASHINGTON ON THE 25th MAY 1954

Washington, August 19, 1957

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United States of America,

Desiring to conclude a further supplementary Protocol amending the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed at Washington on the 16th April 1945, as modified by the supplementary Protocol signed at Washington on the 6th June, 1946,⁽¹⁾ and by the supplementary Protocol signed at Washington on the 25th May 1954,⁽²⁾

Have agreed as follows:

ARTICLE I

Paragraphs (1) and (2) of Article VIII of the Convention of the 16th April 1945, for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income are hereby amended to read as follows:

“(1) Royalties and other amounts paid as consideration for the use of, or for the privilege of using, copyrights, patents, designs, secret processes and formulae, trade marks and other like property, and derived from sources within the United States by a resident of the United Kingdom who is subject to United Kingdom tax on such royalties or other amounts shall be exempt from United States tax (a) if such resident is not engaged in trade or business in the United States through a permanent establishment situated therein or (b) if such resident is so engaged, the royalties or other amounts are not directly associated with the business carried on through that permanent establishment.

“(2) Royalties and other amounts paid as consideration for the use of, or for the privilege of using, copyrights, patents, designs, secret processes and formulae, trade marks and other like property, and derived from sources within the United Kingdom by a resident of the United States who is subject to United States tax on such royalties or other amounts shall be exempt from United Kingdom tax (a) if such resident is not engaged in trade or business in the United Kingdom through a permanent establishment situated therein or (b) if such resident is so engaged, the royalties or other amounts are not directly associated with the business carried on through that permanent establishment.”

(1) “Treaty Series No. 26 (1946),” Cmd. 6902.

(2) “Treaty Series No. 18 (1955),” Cmd. 9405.

ARTICLE II

Paragraph (1) of Article XIII of the said Convention is hereby amended to read as follows:

“(1) Subject to Sections 901 to 905 of the United States Internal Revenue Code as in effect on the 1st day of January 1956, United Kingdom tax shall be allowed as a credit against United States tax. For this purpose

- (a) the recipient of a dividend paid by a corporation which is a resident of the United Kingdom shall be deemed to have paid the United Kingdom tax appropriate to such dividend, and
- (b) the recipient of any royalty or other amount coming within the scope of Article VIII of the present Convention shall be deemed to have paid any United Kingdom tax legally deducted from the royalty or other amount by the person by or through whom any payment thereof is made, if the recipient of the dividend or royalty or other amount, as the case may be, elects to include in his gross income for the purposes of United States tax the amount of such United Kingdom income tax.”

ARTICLE III

(1) This supplementary Protocol shall be ratified and the instruments of ratification shall be exchanged at London as soon as possible.

(2) This supplementary Protocol shall enter into force⁽¹⁾ upon the exchange of instruments of ratification and shall thereupon have effect

(a) In the United Kingdom:

- (i) as respects income tax and surtax for any year of assessment beginning on or after the 6th April 1956;
- (ii) as respects profits tax for any chargeable accounting period beginning on or after the 1st April 1956, and for the unexpired portion of any chargeable accounting period current at that date.

(b) In the United States:

As respects taxable years beginning on or after the 1st January 1956.

In Witness whereof the undersigned, being authorized thereto by their respective Governments, have signed this supplementary Protocol and have affixed thereto their seals.

Done in duplicate at Washington this nineteenth day of August, 1957.

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

(L.S.) HAROLD CACCIA.

For the Government of the United States of America:

(L.S.) JOHN FOSTER DULLES.

(1) The Supplementary Protocol entered into force on October 15, 1958.

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