

UK/BRAZIL SHIPPING AND AIR TRANSPORT AGREEMENT
SIGNED 27th JULY 2005

Entered into force 18 March 2009

The text of this Agreement has been reproduced
with the kind permission of

taxanalysts

**AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT
BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE FEDERATIVE
REPUBLIC OF BRAZIL TO AVOID THE DOUBLE TAXATION OF PROFITS DERIVED
FROM SHIPPING AND AIR TRANSPORT**

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Federative Republic of Brazil (the "Contracting States"),

Considering the interest in encouraging maritime transport and commercial aviation between the Federative Republic of Brazil ("Brazil") and the United Kingdom of Great Britain and Northern Ireland (the "United Kingdom");

Having regard to the need to avoid the double taxation of profits derived from shipping and air transport;

Recognising that the exemption from taxation on income and profits referred to in Article 2 below was introduced into the law of the United Kingdom of Great Britain and Northern Ireland pursuant to an Order of 8 April 1968, implementing the provisions of the United Kingdom-Brazil Agreement through Exchange of Notes for the Avoidance of Double Taxation on Profits derived from Shipping and Air Transport signed on 29 December 1967⁽¹⁾, in force with effect from 1 January 1967;

Have agreed as follows:

Article 1

The Government of the Federative Republic of Brazil shall exempt all income derived from the business of shipping and air transport in international traffic by United Kingdom undertakings engaged in such business from all taxes which are covered by the federal income tax law as well as any similar federal taxes or contributions on income or profits which are, or may become, chargeable in Brazil. These include corporate income tax (IRPJ) and Social Contribution on Corporate Net Profits (CSLL).

Article 2

The Government of the United Kingdom shall exempt all income derived from the business of shipping and air transport in international traffic by Brazilian undertakings engaged in such business from income tax and corporation tax as well as any other taxes or contributions on income or profits which are, or may become, chargeable in the United Kingdom.

Article 3

For the purposes of this Agreement:

- (a) The expression "Brazilian undertakings" means the Government of Brazil and companies managed and controlled in Brazil, provided that they are established in accordance with Brazilian law and have their Head Offices in Brazil;
- (b) The expression "United Kingdom undertakings" means the Government of the United Kingdom and companies managed and controlled in the United Kingdom, provided that they have their Head Offices in the United Kingdom;
- (c) The expression "business of shipping and air transport" means the business of transporting persons, animals, goods and mail carried on by the owner or charterer of ships or aircraft;

Article 4

The exemptions provided for in Articles 1 and 2 above shall apply to the income or profits concerned from 1 January 1967.

Article 5

The provisions of this Agreement shall not affect the Memorandum of Understanding on the Implementation of Reciprocal Tax Exemptions in the sector of Air Transport signed on 9 June 2004.

Article 6

(1) Each Contracting State shall notify the other of the completion of the constitutional formalities required by its laws for the entry into force of this Agreement. This Agreement shall enter into force on the date of the later of these notifications.

(2) This Agreement shall remain in force indefinitely, but either Contracting State may terminate it by giving written notice of termination to the other Contracting State six months in advance. In that event the Agreement shall cease to have effect as regards all income arising after 31 December of the calendar year in which the notice is given.

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

Done at Brasilia this twenty-seventh day of July 2005, in duplicate, in the English and Portuguese languages, both texts being equally authoritative.

FOR THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND:

Peter Collecott

FOR THE GOVERNMENT OF THE FEDERATIVE REPUBLIC OF BRAZIL:

Celso Amorim