

**UK/BRITISH VIRGIN ISLANDS TAX INFORMATION EXCHANGE AGREEMENT
AND DOUBLE TAXATION AGREEMENT**

SIGNED 29 OCTOBER 2008
Entered into force 12 April 2010

DTA effective in United Kingdom from 6 April 2011

DTA effective in British Virgin Islands from 1 January 2011

HM Revenue & Customs
April 2010

**AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF
GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF
THE VIRGIN ISLANDS FOR THE AVOIDANCE OF DOUBLE TAXATION WITH
RESPECT TO TAXES ON INCOME**

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

Recognising that the two Governments have concluded an Agreement for the exchange of information relating to taxes; and

Desiring to conclude an Agreement for the avoidance of double taxation with respect to taxes on income;

Have agreed as follows:

Article 1

Persons covered

This Agreement shall apply to individuals who are residents of one or both of the parties.

Article 2

Taxes covered

The taxes to which this Agreement shall apply are the United Kingdom income tax and any taxes which are identical or substantially similar to it which are imposed by either party after the date of signature of this Agreement. In the case of the United Kingdom such taxes may be in addition to, or in place of, the income tax. The competent authorities of the parties shall notify each other of any significant changes that have been made in their taxation laws.

Article 3

General definitions

1. For the purposes of this Agreement, unless the context otherwise requires:
 - a) “United Kingdom” means Great Britain and Northern Ireland, including any area outside the territorial sea of the United Kingdom designated under its laws concerning the Continental Shelf and in accordance with international law as an area within which the rights of the United Kingdom with respect to the sea bed and subsoil and their natural resources may be exercised;
 - b) “the Virgin Islands” means the territory of the Virgin Islands;

- c) “a party” and “the other party” mean the United Kingdom or the Virgin Islands, as the context requires;
- d) “competent authority” means
 - (i) in the United Kingdom, the Commissioners for Her Majesty’s Revenue and Customs or their authorised representative;
 - (ii) in the Virgin Islands, the Financial Secretary or his or her authorised representative;
- e) "tax" means any tax imposed by a party to which this Agreement applies and the terms “United Kingdom tax” and “Virgin Islands tax” should be construed accordingly.

2. As regards the application of this Agreement at any time by a party, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that party for the purposes of taxes to which this Agreement applies, any meaning under the applicable tax laws of that party prevailing over a meaning given to the term under other laws of that party.

Article 4

Resident

1. For the purposes of this Agreement, the term “resident of a party” means
 - a) in the case of the United Kingdom, any individual who, under its laws, is liable to tax therein by reason of his residence. This term, however, does not include any individual who is liable to tax in the United Kingdom in respect only of income or capital gains from sources therein;
 - b) in the case of the Virgin Islands, any individual who, under its laws, is liable to tax therein by reason of his residence. This term, however, does not include any individual who is liable to tax in the Virgin Islands in respect only of income from sources therein;
2. Where by reason of the provisions of paragraph 1 an individual is a resident of both parties, then he shall be treated for the purposes of this Agreement as a resident of the United Kingdom only.

Article 5

Pensions

1. Pensions and other similar remuneration paid to an individual who is a resident of a party, shall be taxable only in that party.
2. Notwithstanding the provisions of paragraph 1, such payments which arise in the United Kingdom may also be taxed in the United Kingdom where the recipient is not an individual who
 - a) belongs to the Virgin Islands by virtue of the Virgin Islands Constitution Order 2007 (Statutory Instrument 2007 No. 1678), or
 - b) has a certificate of residence of the Virgin Islands by virtue of the Immigration and Passport Ordinance (Cap.130), provided that the individual has lived outside the United Kingdom for at least the preceding ten years.

Article 6

Government service

1.
 - a) Salaries, wages and other similar remuneration, other than pensions, paid by the Government of the Virgin Islands to an individual in respect of services rendered to that Government in the discharge of governmental functions shall be exempt from United Kingdom tax if the individual is not resident in the United Kingdom or is resident in the United Kingdom solely for the purposes of rendering those services;
 - b) Salaries, wages and other similar remuneration, other than pensions, paid by the Government of United Kingdom or by a political subdivision or a local authority to an individual in respect of services rendered to that Government or subdivision or authority in the discharge of governmental functions shall be exempt from Virgin Islands tax if the individual is not resident in the Virgin Islands or is resident in the Virgin Islands solely for the purposes of rendering those services.
2. This Article does not apply to salaries, wages and other similar remuneration in respect of services rendered in connection with any trade or business carried on by a party or a political subdivision or a local authority thereof.

Article 7

Students

Payments received by a student or business apprentice who is, or was immediately before visiting a party, a resident of the other party, and who is temporarily present in the first-mentioned party for the purposes of his full-time education at a university, college or other recognised educational institution of a similar nature, or for his full-time training, shall not be taxed in that party, provided that such payments arise from sources outside that party and are for the purpose of his maintenance, education or training. The exemption from tax provided by this Article shall apply to a business apprentice only for a period of time not exceeding one year from the date he first arrives in the first-mentioned party.

Article 8

Elimination of double taxation

1. Where a resident of a party derives income which, in accordance with the provisions of this Agreement, may be taxed in the other party, the first-mentioned party shall, subject to any provisions of its law regarding the allowance as a credit against its tax of tax payable in another territory (which shall not affect the general principle hereof), allow as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in that other party. Such deduction shall not, however, exceed that part of the income tax, as computed before the deduction is given, which is attributable to the income which may be taxed in that other party.

2. For the purposes of this Article, income owned by a resident of a party which may be taxed in the other party in accordance with this Agreement shall be deemed to arise from sources in that other party.

Article 9

Mutual agreement procedure

1. Where an individual considers that the actions of one or both of the parties result, or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the domestic law of those parties, present a case to the competent authority of the party of which he is a resident.

2. The competent authority shall endeavour, if the case referred to in paragraph 1 appears to it to be justified, and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other party. Any agreement reached shall be implemented notwithstanding any time limits or other procedural limitations in the domestic law of the parties, except such limitations as apply for the purposes of giving effect to such an agreement.

3. The competent authorities of the parties shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of this Agreement.

4. The competent authorities of the parties may communicate with each other directly for the purpose of reaching an agreement for the purposes of this Article.

Article 10

Exchange of information

1. The competent authorities of the parties shall exchange such information as is foreseeably relevant for carrying out the provisions of this Agreement.

2. Any information received under paragraph 1 by a party shall be treated as secret in the same manner as information obtained under the domestic laws of that party and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes covered by this Agreement, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

3. In no case shall the provisions of paragraphs 1 and 2 be construed so as to impose on a party the obligation:

- a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other party;
- b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other party;
- c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information the disclosure of which would be contrary to public policy.

Article 11

Entry into force

Each of the parties shall notify the other of the completion of the procedures required by its law for the bringing into force of this Agreement. The Agreement shall enter into force on the date of the later of these notifications and shall, provided that the Agreement between the Government of the United Kingdom and the Government of the Virgin Islands for the Exchange of Information Relating to Taxes signed on 29th October 2008 is in force, thereupon have effect:

- a) in the United Kingdom, for any year of assessment beginning on or after 6th April next following the date on which this Agreement enters into force;

- b) in the Virgin Islands, on or after 1st January next following the date on which this Agreement enters into force.

Article 12

Termination

1. This Agreement shall remain in force until terminated by one of the parties. The Governments of either party may on or before 30th June in any calendar year, give notice of termination to the Government of the other party and, in such event, this Agreement shall cease to have effect:
 - a) in the United Kingdom, for any year of assessment beginning on or after 6th April next following the date on which the notice is given;
 - b) in the Virgin Islands, for any year of assessment beginning on or after 1st January next following the date on which the notice is given.
2. If this Agreement is terminated the parties shall remain bound by the provisions of Article 10 (Exchange of information) with respect to any information obtained under the Agreement.