

**CONVENTION BETWEEN THE GOVERNMENT OF AUSTRALIA AND
THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND FOR THE AVOIDANCE OF DOUBLE
TAXATION AND THE PREVENTION OF FISCAL EVASION WITH
RESPECT TO TAXES ON INCOME AND ON CAPITAL GAINS,
DONE AT CANBERRA ON 21 AUGUST 2003, AND AN ASSOCIATED
EXCHANGE OF NOTES
[2003] ATNIF 15**

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SUMMARY PAGE

Convention between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains, done at Canberra on 21 August 2003, and an Associated Exchange of Notes. [2003] ATNIF 15

Date of tabling of the proposed Treaty Action

1. 9 September 2003

Nature and timing of proposed Treaty Action

2. The Convention between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland (“the United Kingdom”) for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains, and an associated exchange of Notes (“the proposed Treaty”) will enter into force on the date of the last notification that the respective procedures required by its law for the entry into force of the proposed Treaty for each party have been met. The notification will need to be delivered by the end of March 2004 in order for the proposed Treaty to have effect by 1 April 2004 for United Kingdom corporation tax purposes.

Overview and National Interest summary

3. The key objectives of the proposed Treaty are to: (i) promote closer economic relations between Australia and the United Kingdom, (ii) facilitate investment and trade, and (iii) combat fiscal evasion and protect Australian tax revenues. The proposed Treaty harmonises aspects of the tax systems to facilitate cross-border activities while also improving the integrity of the tax system.
4. The proposed Treaty will replace the existing double taxation treaty between Australia and the United Kingdom that was signed in 1967 and modified in 1980. Consistent with the Government’s response to the *Review of International Taxation Arrangements (RITA)*, the proposed Treaty moves towards a more residence-based tax treaty policy and updates an important part of Australia’s aging treaty network. This brings it into line with international norms, as set out in the OECD’s *Model Tax Convention*, and with the direction set in the recent Protocol to the Australia-US Double Tax Convention (“the recent US Protocol”).
5. The proposed Treaty reduces dividend withholding tax (DWT) and royalty withholding tax (RWT) rate limits, applies a nil interest withholding tax (IWT) rate limit to interest paid to a financial institution, preserves Australia’s rights to tax capital gains, and locks-in these arrangements. These changes recognise Australia’s position as a competitor for capital flows and a capital importer needing to appropriately tax capital, and enhances exchange of information (EOI).
6. The proposed Treaty package will produce a positive economic outcome for Australia. Gains include a larger and faster growing Australian economy with flow-on effects on employment, trade and investment, and a more outward focus for Australian business. The expected withholding tax (WHT) cost to revenue of the proposed Treaty (\$A100 million pa.) is expected to be more than offset by a consequential increase in future corporate taxes and GDP-boosted gains to revenue.
7. The international economic significance of the United Kingdom, the size of the Australia-United Kingdom investment and trade relationships, and the gateway relationships that the United Kingdom has with Europe and Australia has with Asia, show the importance of an updated DTC.

Reasons for Australia to take the proposed Treaty action

Promoting closer economic relations with the United Kingdom¹

8. Australia's longstanding relationship with the United Kingdom is based on traditional historical and cultural links and shared values. Australia and the United Kingdom derive mutual benefit from cooperation on a broad range of international issues and share many common interests, including those arising from membership of the Commonwealth.

9. The existence of a modern tax treaty between Australia and an investment and trade partner recognises the current (and future) importance of the economic relationship. In the case of the United Kingdom, it is the international economic significance of that country, the magnitude of the Australia-United Kingdom investment and trade relationships and, for many firms, the gateway relationships that the United Kingdom has with Europe and Australia has with Asia that makes the new DTC especially important.

10. The size of the United Kingdom economy – fourth largest in the world² – and its growth performance (real economic growth has averaged more than two per cent since the mid-1990s) underline the importance of the United Kingdom as a treaty partner (see Table 1 below).

Table 1: Australia-United Kingdom – Comparative Economic Statistics 2001

	Australia	United Kingdom
Population in 2001 (millions)	19.4	59.7
GDP (Current \$US billions)	357.7	1,426.8
GDP/Capita in \$US) (At PPP exchange rates)	27,500	26,400
Share of aggregate world GDP (percentage using PPP exchange rates)	1.14	3.15
Exports fob (\$US billions)	63.4	267.3
Imports cif (\$US billions)	63.9	321.0
Share of world exports+imports (percentage)	1.0	4.7

Sources: IMF WEO database 2003; IMF International Financial Statistics 2002 Yearbook; US Census Bureau, OECD National Accounts

¹ Unless otherwise indicated, all values are in Australian dollars.

² UNCTAD *Handbook of Statistics 2002* (Geneva: UNCTAD) 2002. Table 7.1

11. Australia's investment³ and trade⁴ relationship with the United Kingdom is the largest Australia has with any European country. Overall, the United Kingdom is Australia's second largest source of foreign investment, second largest destination for Australian investment abroad, third largest trading partner, and sixth largest merchandise trading partner.

12. British businesses have traditionally viewed Australia as an attractive base for regional operations. Around a third of all regional headquarters operations in Australia are European, and almost half of these are British. Major United Kingdom investors in Australia include Shell, BP, BAE Systems, BT, RTZ, and Vodafone.

13. There are over a thousand Australian companies active in the United Kingdom, with a large number using the United Kingdom as a base into continental Europe. Key Australian investors in the United Kingdom include News Corporation, National Australia Bank, BHP-Billiton, Amcor, Westpac, Commonwealth Bank, Brambles, Lend Lease, Mayne Nickless, AMP, ANZ, and Boral.

14. Aside from investment and trade considerations, there are several strategic aspects of the proposed Treaty that impact upon relations with the United Kingdom. These include the implications of the maturing of the Australian economy, the endorsement by the Government of the recommendations of the *Review of International Taxation Arrangements* (RITA), the extension to the United Kingdom of the WHT outcomes of the recent US Protocol, and the globalising force of international capital mobility.

15. Increasing international financial integration has seen substantial increases in Australian investment overseas. As the stock of this investment grows, the flows of dividends and interest also grow and Australia's taxation interests change towards residence rather than source⁵ taxation. In this way, Australian tax interests become more aligned with those of most other OECD members who generally favour lower withholding tax rate limits. However, Australia remains a net capital importer and needs to balance this shift with revenue protection considerations.

³ At 30 June 2002 the stock of United Kingdom investment in Australia was \$224 billion compared with \$242 billion sourced from the largest investor, the US. The UK's investment stock is split into \$49 billion of foreign direct investment (FDI), \$137 billion of portfolio investment, and \$38 billion of other investment liabilities. After the US (\$194 billion), the United Kingdom is the second largest investment destination for Australian investors. The stock of Australian investment in the United Kingdom was nearly \$71 billion at 30 June 2002, split between FDI of \$28 billion, portfolio investment of \$17 billion, and \$25 billion of other investment assets.

⁴ Total Australia-United Kingdom trade exceeded \$18.7 billion in 2002. In the same year, Australian merchandise exports to the United Kingdom were \$5.6 billion and merchandise imports \$5.8 billion with services exports and imports \$3.6 billion and \$3.7 billion respectively. Major Australian exports to the United Kingdom included non-monetary gold, alcoholic beverages, coal, aircraft and parts, and lead while major imports included medicaments, passenger motor vehicles, printed matter, aircraft and parts, and telecommunications equipment.

⁵ There are two main criteria for liability to Australian tax: residence and source of income. The notion that Australians should be taxed at the same rate on their world-wide income (i.e. domestic plus foreign income), subject only to deductions for foreign taxes paid, is known as the residence principle. Source taxation rights are rights to tax the income of non-residents that is sourced locally.

The former favouring of source taxation rights was driven by the larger flows of dividends, interest, and royalties out of Australia compared with inflows, and the consequent larger flows of WHTs to the Australian Government compared to the flows of WHTs into foreign treasuries from Australian investments abroad. The maturing of the Australian economy and the build-up of Australian investment abroad has underpinned the shift away from source-based taxation.

16. The proposed Treaty is consistent with the Government's response⁶ to *RITA*, and moves tax treaty policy towards a more residence-based approach, in line with the direction set in the recent US Protocol. While this reflects Australia's changing tax interests as the stock of Australian overseas investment grows, it also reflects the development of Australia as a financial centre that requires a less onerous tax regime.

17. The proposed Treaty extends to the United Kingdom the outcomes of the recent US Protocol, which reflects again the source/residence policy changes. There is some inevitability about these changes since the US outcomes are likely to be agreed with eight other nations (the Netherlands, France, Switzerland, Italy, Korea, Norway, Finland, and Austria) that have WHT most favoured nation (MFN) clauses in their tax treaties with Australia. All eight WHT MFN clauses were triggered by the recent US Protocol coming into force. Failure to also extend similar WHT outcomes to the United Kingdom would be viewed as inequitable treatment of an important treaty partner.

18. Finally, increasing financial integration of the international economy heightens the importance of closer alignment between Australia's treaties with different countries. The increasing mobility of capital would result in re-direction of United Kingdom investment in Australia and Australian investment in the United Kingdom through treaty partner countries that provide lower WHT rate limits in their tax treaties with Australia. This would produce a result very similar to that of the proposed Treaty, although with higher costs because of the need to adopt more complicated transmission routes for capital.

Facilitation of investment and trade

19. The potential for double taxation, high rates of WHTs⁷ on payments to foreigners of dividends, interest, and royalties, and uncertainty and risk in the business environment arising from overlapping tax jurisdictions can be viewed as major disincentives to the expansion of international trade and investment.

20. Costs are raised not only for Australian enterprises seeking international expansion but also for domestic producers using imported resources, such as capital. The additional costs place both types of business at a competitive disadvantage – in foreign markets with respect to competitors from countries that have DTCs with lower WHT rate limits, and relative to domestic competitors not facing import competition (see Box 1 for the influence of WHTs on business costs).

21. The proposed Treaty aims to minimise these disincentives in a number of ways: (i) by clearly allocating tax jurisdictions between the parties to the proposed Treaty, (ii) where taxing rights are allocated to both countries the proposed Treaty ensures that source country taxation rights are given priority and double tax is avoided through the provision of tax relief by the residence country, (iii) by providing mechanisms to resolve disputes in contentious areas, and (iv) by mutually reducing WHT rate limits. Taken together, these proposed Treaty measures favourably impact on business costs, providing a positive impetus to the expansion of international investment and trade.

22. Investment inflow into a host country can be categorised into foreign direct investment (FDI) and portfolio investment. FDI is defined as net inflows of investment to acquire a lasting

⁶ The Hon Peter Costello MP, Treasurer of the Commonwealth of Australia, *Review of International Taxation Arrangements*, Press Release No. 032, 13 May 2003.

⁷ WHTs are levied on the gross amount of income without reference to any costs involved in producing the income. Consequently, high WHT may exceed the net profit included in a transaction.

management interest (10 per cent or more of voting stock) in an enterprise operating in an economy other than that of the investor. It includes equity capital, reinvested earnings, and other long and short-term capital. Portfolio investment is comprised of non-FDI net investment inflows. Portfolio investment includes non-debt creating portfolio equity flows (country funds, depository receipts, and purchases of shares by foreign investors) and portfolio debt flows (bond issues purchased by foreign investors).

23. While both FDI and portfolio investment provide benefits to host countries, FDI is more sought after because it is “patient” capital that is usually associated with construction of new assets rather than changes in ownership.

24. Australia is a destination competitor for world FDI flows⁸ and has shaped its economic environment to make it an attractive investment destination that obtains an adequate share of international capital flows. Competitive changes in its investment regime, such as those in the proposed Treaty, recognise the international trend towards increasing mobility of financial capital⁹, and help Australia gain an appropriate share of international capital flows (see Box 2 for the benefits of FDI).

25. Rather than taking unilateral action to reduce WHTs under domestic law, Australia has adopted the approach of agreeing to any such reductions on a reciprocal, bilateral basis. This approach “locks-in” the WHT limits in both countries, ensuring the financial framework for business between the treaty partner countries is stable and not subject to unilateral change by either country. It also means that Australia is able to exclude “tax havens” from accessing these concessions.

26. For Australian businesses expanding to the United Kingdom, the provisions in the proposed Treaty regarding WHT limits imposed by the United Kingdom on repatriated dividends, interest, and royalties are important. The cut in the DWT rate limit to zero on dividends from investments by Australian public companies with 80 per cent or greater control of voting power is a positive for FDI from Australia to the United Kingdom. By providing long-term certainty the proposed Treaty encourages Australian investment in the United Kingdom.

27. The major features of the proposed Treaty that are attractive to business are:

- Interest payments to banks and other financial institutions from both the United Kingdom and Australia will be free of IWT, subject to certain safeguards.
 - Exemption from IWT in accordance with the principle of sovereign immunity will continue.
 - IWT on other interest payments will continue to be limited to 10 per cent.

⁸ In 2001, international FDI flows were \$US735.1 billion (UNCTAD 2002) while direct investment inflows into OECD countries amounted to \$US565.8 billion (OECD 2003). In 2001-02, foreign investment inflow into Australia was \$72.5 billion with the United Kingdom accounting for \$18.4 billion (25 per cent). In the same year, Australian investment in the United Kingdom amounted to \$9.6 billion.

⁹ *The New Zealand Tax Review 2001 – Issues Paper* observes that “Greater mobility of skilled labour and financial capital means the economic costs of taxes are higher than they were previously, for any given tax rate. Greater mobility also makes it increasingly likely that taxes on skilled labour and financial capital will be shifted on to others, including people without internationally marketable skills and landowners” (p.18).

- The RWT rate limit will be reduced from 10 per cent to 5 per cent on royalties in either direction.
- While all dividends paid from the United Kingdom to Australia are currently free of WHT because of domestic United Kingdom law, dividends paid from Australia to the United Kingdom will be subjected to lower DWT limits in line with the recent US Protocol.
- The proposed Treaty will include a comprehensive non-discrimination article (NDA), ensuring that investors from either country will not suffer tax discrimination in the other country.

28. Withholding taxes are formally levied on financial flows to foreigners. However, this does not mean that foreigners bear the incidence of the tax. On the contrary, in many cases the tax is “passed back” from the recipient to the payer of the financial flows. For example, the widespread use of “gross-up” or “net loan” clauses in loan agreements builds IWT into the interest rate charged to Australian borrowers¹⁰. The reductions in IWT and RWT that have been “passed back” to Australian payers will mean that the net incomes of those payers will rise, leading to higher corporate tax paid, which will partially offset the reduction in withholding tax¹¹.

29. The **IWT changes** will lead to an effective reduction in interest rates paid by Australian borrowers to foreign lenders. In effect, this will increase competition to Australian banks and, other things being equal, could be expected in turn to raise investment and GDP. This increase in economic activity is likely to result in annual increased tax revenue which would be expected to offset the cost of the IWT component of the proposed Treaty. Treasury has calculated an approximate estimate of increase in tax revenue of around \$70 million per annum due to this second round effect¹².

30. The **cut in the RWT limit** from 10 per cent to 5 per cent in the proposed Treaty will reduce the cost to Australian businesses that make royalty payments to foreign owners. In many cases, when intellectual property is licensed to Australian companies, the owner of the intellectual property will require the RWT to be met by the Australian licensee. This requires the Australian

¹⁰ Competition between international lenders results in one interest rate for loans of any particular risk class, and this rate is the after-tax interest rate. Competition (and thin margins) force lenders to offer this going rate for loans. Attempts by governments to impose taxes, such as IWT, on loans are shifted backwards on to borrowers by competition among lenders who have little choice. The mechanism to achieve this result is the use of “gross-up” or “net loan” clauses in loan agreements (see Box 1 for a more comprehensive explanation).

¹¹ If all of the relevant reduction in IWT and RWT were to flow through to higher taxable corporate income, it could result in increased corporate taxation of over \$20 million. Similarly, there may be a reduction in Australian tax credits claimed for UK WHT, perhaps in the order of \$5 - \$10 million.

¹² Total lending within Australia was estimated from National Accounts data and a weighted average interest rate was taken from RBA data. From this, total interest income in Australia was estimated across the base of borrowings. The market for interest paid to the UK on loans subject to withholding taxes was estimated with reference to both ATO data on withholdings (1998-99) and ABS data. The proportion of total interest payable to the UK as a proportion of total interest payable on all Australian lending was estimated. From this an estimate of the weighted average interest rate across the economy from the removal of IWT on UK borrowings was calculated.

The change in the weighted average interest rate was put through a general equilibrium model in order to generate second round effects of changes to interest rates on the economy. Once the change in GDP from the IWT reduction (as proxied by a general change in interest rates) was established a tax/GDP ratio consistent with forward estimates was used to derive the additional (second round tax effect) from the DTC changes.

licensee to make a royalty payment grossed-up for the effect of the RWT. Because RWT limits set in DTCs are reciprocal, the cuts will positively affect Australian companies receiving royalties from Australian-owned technology. It is expected that this will lead to a second round increase in tax revenue.

31. The Australian **DWT changes** are expected to improve the flow of FDI from the United Kingdom to Australia. The amount of increased FDI is very difficult to predict but it could be significant. This is because international flows of FDI are thought to be highly sensitive to country tax rates¹³. An increase would in turn produce knock-on effects that would raise GDP and also raise taxation revenues. In some limited circumstances Australian DWT is eligible for a tax credit in the United Kingdom, which would slightly reduce the gross-up effect noted above. The availability of tax credit notwithstanding, reductions in Australian DWT will still produce positive results to the extent that they were formerly not able to be used (ie the UK company was in loss) and to the extent that the timing lag between the imposition of Australian DWT and the tax relief offered in the United Kingdom is now eliminated

32. Second-round effects on tax revenue are not included in direct costings. There is necessarily a higher degree of uncertainty attaching to them.

Combating fiscal evasion

33. Reducing fiscal evasion is another key objective of tax treaties.

34. The clarification of taxing jurisdictions for each party to the proposed Treaty reduces double taxation. Where taxing rights are allocated to both countries, the proposed Treaty gives priority to source taxing rights and ensures that relief is provided by the residence country. Jurisdictional clarification also has the effect of limiting opportunities for unintended double non-taxation of income, thereby improving the integrity of the tax system.

35. The problem of overlapping tax jurisdictions is addressed by the proposed Treaty partner countries agreeing to give up or limit their taxing rights over various types of income. For example, the proposed Treaty contains the standard tax treaty provision that neither country will tax business profits derived by residents of the other country unless the business activities in the taxing state are substantial enough to constitute a permanent establishment (PE) and the income is attributable to that PE (Article 7).

36. The proposed Treaty also provides a framework for the exchange of information between revenue authorities (Article 27) and for establishment of a mechanism for settling jurisdictional disputes (Article 26). The two tax administrations can also use the mutual agreement procedure to develop a common interpretation and resolve differences of application of the proposed Treaty. This supplements jurisdictional clarification and improves administration and integrity of the tax system, protecting and enhancing government revenues.

¹³ A comprehensive survey of research in this area (Ederveen and de Mooj (2003)) summarised a large number of research studies reporting on the relation between changes in taxation rates and changes in FDI. The authors reported responsiveness of -4.2. That is, a one per cent fall in a country's tax rate would produce a 4.2 per cent increase in inflows of foreign investment. Given reasonable assumptions about the total rate of return on the stock of UK FDI in Australia, the reduction in DWT could give rise to an approximately estimated increase in the gross returns (retained and repatriated) on that FDI of around 1 per cent. If so, then the proposed Treaty should improve FDI inflows by around 4 per cent. In 2000-2001, United Kingdom FDI into Australia amounted to \$4.2 billion (ABS Cat No. 5252.0) and a 4 per cent improvement amounts to around \$170 million.

37. The proposed Treaty reflects a stronger emphasis on residence country taxing rights but - consistent with Australian practice - there are a number of instances where it remains oriented more towards source state taxing rights: the definition of PE (Article 5) is wider in some respects than the OECD Model, and the Business Profits (Article 7), Royalties (Article 12), Shipping and Air Transport (Article 8), Alienation of Property (Article 13), and Other Income (Article 20) provisions also give greater recognition to source taxing rights.

38. The proposed Treaty contains comprehensive provisions that will protect Australia's right to impose capital gains taxation, including a provision that would allow the source country to tax capital gains not otherwise dealt with by the treaty. The existing double taxation treaty was signed before Australia's capital gains tax (CGT) was introduced and does not expressly deal with Australian capital gains. The alienation of property provisions in the proposed Treaty confirm Australia's right to tax gains on the disposal of significant Australian assets (including the disposal of interests in Australian entities) while ensuring the United Kingdom will give its residents credit for Australian CGT. These provisions would also apply to more effectively address the capital gains tax issues faced by departing residents.

39. In addition, the proposed Treaty provides an agreed basis for determining whether the income returned or expenses claimed on related party dealings by members of a multinational group operating in both countries can be regarded as acceptable (Articles 7 and 9). The operation of Articles 7 and 9, in this respect, also provides an example of how the proposed Treaty is used to address fiscal evasion in the form of international profit shifting.

Obligations

40. The proposed Treaty requires the two Governments to relieve double taxation on cross-border income in accordance with its terms (see the general principle in Article 22). The specific types of income dealt with by the proposed Treaty are referred to in the preceding section headed 'Reasons for Australia to take the proposed Treaty action'. The proposed Treaty also establishes procedures for mutual agreement of double taxation issues that may arise under the proposed Treaty (Article 26) and for the exchange of information under the proposed Treaty (Article 27)¹⁴.

41. The proposed Treaty does not impose any greater obligations on residents of Australia than Australian domestic tax laws would otherwise require, and sometimes reduces the obligations of Australians operating or investing in the United Kingdom (Articles 10 (dividends), 11 (interest), and 12 (royalties)). However, the proposed Treaty may require information concerning the tax affairs of Australian residents to be supplied to the United Kingdom competent authority (Article 27), which in turn the Australian Taxation Office may obtain from Australian residents.

Implementation

42. As the proposed Treaty affects Commonwealth income tax legislation, enabling legislation must be enacted by the Commonwealth to give the proposed Treaty the force of law in Australia. This will be achieved by incorporating the text of the proposed Treaty (including the associated exchange of Notes) as a schedule to the *International Tax Agreements Act 1953* prior to the proposed Treaty coming into force in Australia. No action is required by the States or Territories. There is no change to the existing roles of the Commonwealth, or the States and Territories, in tax matters that will arise as a consequence of implementing the Convention.

¹⁴ Articles 26 and 27 of the proposed Treaty have effect from the date of entry into force of the Convention, without regard to the date of the relevant transactions or the taxable or chargeable period to which the matter relates.

Costs

43. The direct cost to revenue from the proposed DTC is estimated to be approximately \$100 million per annum. The estimated distribution of this cost in future years is shown in Table 2.

Table 2: Australia-United Kingdom DTC costing (\$m)

	2003-04	2004-05	2005-06	2006-07
Total cost	0	-90	-90	-100

44. The main changes in the proposed DTC that give rise to the cost to revenue are:

- a reduction in DWT limits to nil or 5 per cent on non-portfolio dividends derived by United Kingdom-owned companies down from 15 per cent for unfranked dividends (franked dividends are already exempt from DWT under Australia's domestic law);
- exemption from IWT for interest paid to United Kingdom financial institutions (down from 10 per cent); and
- a reduction in the general RWT rate to 5 per cent (down from 10 per cent).

45. It is difficult to estimate with confidence the quantitative benefits of the new DTC. Moreover, there are no generally agreed estimates of the responsiveness of investment to reductions in WHTs in DTCs, or even of the responsiveness of investment to changes in interest rates. Treasury has, however, consulted extensively with affected parties, reviewed the literature, and analysed relevant data.

46. The proposed Treaty package will produce a positive economic outcome for Australia. Gains include a larger and faster growing Australian economy with flow-on effects on employment, trade, and investment, and more outward focus for Australian business. The proposed Treaty will involve a cost to the revenue in the form of reduced withholding taxes building to \$100 million per annum, but this is expected to be more than offset by a consequential increase in future corporate taxes and GDP boosted gains to revenue. The mechanism by which the positive economic effects are expected to flow and the broad order of magnitude of these effects are set out in paragraphs 28-32.

47. Aside from the cost to revenue, no material costs to taxpayers have been identified as likely to arise from implementation of the proposed Treaty. The closer alignment with international treaty practice would generally be expected to reduce compliance costs, and any tax exemptions (such as on certain interest payments) would be likely to reduce such costs.

48. There would be a small unquantifiable cost in administering the changes made by the proposed Treaty, including minor implementation costs to the ATO in educating the taxpaying public and ATO staff concerning the new arrangements.

49. There are also 'maintenance' costs to the ATO and the Department of the Treasury associated with DTCs in terms of dealing with inquiries, mutual agreement procedures (including advance pricing arrangements) and OECD representation. However, these costs also apply to the existing treaty. Bringing the proposed Treaty into basic conformity with modern treaty practice will, over time, reduce these costs. The existing treaty has many unusual and difficult aspects because many of its features derive from an historical United Kingdom Colonial Model Treaty, rather than the modern OECD or United Nations models.

Consultation

50. Extensive consultation with stakeholders was undertaken prior to, and in the course of, negotiating the proposed Treaty.

51. Information on the proposed Treaty was provided to the States and Territories. (Further details of the consultation process can be found in Annexure 1).

Regulation Impact Statement

52. A Regulation Impact Statement is attached.

Future Treaty Action

53. The proposed Treaty does not create obligations concerning the negotiation of future legally binding instruments. Nor does it contain any amendment procedure. However, Article 39 of the *Vienna Convention on the Law of Treaties 1969* makes it clear that a treaty may be amended by agreement between the parties. In the associated exchange of Notes, each Government has committed to review the terms, operation, and application of the Convention no later than 5 years after the Convention's entry into force, and to undertake further reviews at intervals of no more than 5 years. The non-discrimination article also provides a mechanism for modifying its terms by an Exchange of Notes. In any event, any treaty amendment would be subject to the Australian treaty process.

Withdrawal or Denunciation

54. The proposed Treaty provides for termination by either of the countries on or before 30 June in any calendar year beginning after the expiration of 5 years from the date of entry into force.

Contact Details:

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Box 1 Withholding taxes (WHT)

WHTs can raise business costs in a number of ways.

- Where Australia is unable to set international prices, WHTs are usually “grossed up”¹ into the prices of items that Australia sources from overseas.
 - This is overwhelmingly the case in the markets for loans and investment capital because of the highly competitive nature of financial markets².
 - : Low profit margins on the differences between borrowing and lending is such that a tax on the gross interest received by a financial institution may well exceed the net profit.
 - : In this case, gross-up is necessary for the funds provider (i.e. the lender) to obtain an appropriate return on capital.
 - Gross-up in payments for intellectual capital will depend on the type of intellectual property and the possibility of substitutes for it.
 - : It is often the case that owners of intellectual property will have gross-up clauses as part of a standard contract that is used generically throughout the world³.
- Gross-ups of foreign-supplied resources raise domestic costs for Australian business, making that business less competitive both nationally (against imports) and internationally (against other countries’ exports)⁴.
- Many countries (including Australia) offer relief from WHT but limit the types of income against which the credits can be used.
 - This may leave the recipient taxpayer with excess tax credits, resulting in international traders and investors facing a higher effective tax rate, which is then passed back to the payer under gross-up arrangements.
- Even if tax credits can be fully utilised, the timing delay in accessing the credits may still prove costly to business.
 - : WHTs are generally levied on the gross payment at the time the payment is made. Tax relief in the residence country is generally provided on an assessment basis at the end of the relevant year of income. This delay imposes an additional cost on those engaged in international investment and trade.

¹ Gross ups in the context of taxation occur when the price of a good or service is increased so that the after tax return to the good or service provider is equal to the return that could be earned elsewhere without the tax. For example, if a British firm could earn 10 per cent from lending money to businesses in the US (where there is no IWT) then it would have to earn 11 per cent before IWT in Australia so that it could remit 10 per cent after tax to the United Kingdom. The 11 per cent interest rate represents the “grossed up” interest rate chargeable to Australian borrowers.
In general: grossed-up interest = Net interest/(1-WHT rate)

² Geier (2000) reported the US Tax Court as noting “... that these ‘net interest’ contracts were (and, I presume, remain) common. In making loans to borrowers in Brazil and other countries, it was an accepted and common practice among foreign lenders to require that interest payments be made to them on a ‘net quoted’ basis. A net loan is a loan in which the lender and the borrower have agreed that all specified payments of principal and interest to the lender, under the loan contract, will be made net of any applicable Brazilian taxes.”

³ In business, it appears to be a widely held belief that “under normal licensing arrangements, the cost of WT [withholding tax] is passed on to the licensee” (Jason Chang, international tax partner at KPMG quoted in Kellerman (2001) when discussing the benefits of the RWT reductions in the recent US Protocol).

⁴ If an Australian firm is competing against an imported good and both use the same licensed technology to produce their products, the Australian producer will be under a cost disadvantage if the licence charge is grossed-up for Australian RWT while the imported good is not because of either a more favourable DTC with the country where the licence owner resides, or the technology is sourced from the same country where the licence owner resides. This raises the issue of the identity of the bearer of the burden of RWT (or DWT or IWT).

Box 2 Foreign direct investment (FDI)

Extensive academic and policy research has shown that FDI may deliver an extensive range of benefits to a host country, provided appropriate economic and commercial policies like those that exist in Australia are in place. These benefits include:

- technology transfers
 - FDI provides pathways along which technology transfer travels, bringing with it new production and product technologies, new management concepts, and improved institutional and governance standards.
 - : The result is increased economic performance and includes rising productivity performance and rising Australian incomes.
- human capital formation
 - Foreign enterprises may provide training and skill upgrading which supplements existing levels of host country human capital.
 - : Improved skill levels raise productivity and Australian incomes.
- international trade integration
 - FDI inflows are closely linked to increased host-country exports and imports, both by expanding areas of the economy where comparative advantage exists and by allowing access to world-wide product distribution systems.
 - : This effectively further integrates the host country into the global economy, ensuring that domestic standards are compatible with international norms.
- a more competitive business environment
 - Entry of foreign enterprises may increase competition in the host country, ensuring efficient production methods and benefiting Australian consumers through lower prices.
- enhancements to enterprise development
 - Improved management and governance arrangements in foreign enterprises may be transferred to domestic producers.

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ANNEXURE 1

Convention between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains, done at Canberra on 21 August 2003, and an Associated Exchange of Notes. [2003] ATNIF 15

Consultations

Since the Government's acceptance of the Review of Business Taxation's (Ralph) recommendation to update aging tax treaties, the wider business community has been aware that Australia would be renegotiating with its major trading partners, including the United Kingdom. Submissions from the business community were formally requested through the Tax Treaty Advisory Panel. In addition, specific companies from various industry sectors were approached to provide a practical perspective on the operations of the existing treaty and any desirable features of a revised treaty.

The Treasurer issued a Press Release on 25 January 2002¹⁵ announcing the dates of negotiations with the United Kingdom and inviting submissions from stakeholders and the wider community. As negotiations proceeded, further targeted and confidential consultation was undertaken with business and industry groups, professional bodies, and the main affected companies.

Another opportunity for consultation was provided by the Government's international taxation review. In August 2002, the Treasurer released¹⁶ a Treasury Consultation Paper *Review of International Taxation Arrangements* (RITA) and the Board of Taxation was requested to undertake public consultations on the issues raised in the paper and report to the Government. Among other things, the paper identified Australia's future treaty practice and in particular, whether the recent US Protocol provided an appropriate basis for future treaty negotiations or whether alternative approaches were preferable.

In general, business and industry groups supported the recent US Protocol and encouraged the Government to pursue a similar result in the proposed treaty with the United Kingdom. While some of those consulted recommended going further than the changes negotiated with the recent US Protocol, most recognised the need for both a consistent treaty policy and a degree of moderation in the extent to which Australia can afford to concede taxing rights. The Board of Taxation recommended the Australian policy move towards a more residence-based treaty policy.

While the proposed Treaty applies only to federal taxation, information on the Convention was provided to the States and Territories through the Commonwealth-State Standing Committee on Treaties' Schedule of Treaty Action.

¹⁵ See the Hon Peter Costello MP, Treasurer of the Commonwealth of Australia, *Bilateral Tax Talks Scheduled on UK-Aussie Tax Arrangements*, Press Release No. 003, 25 January 2002.

¹⁶ See The Hon Peter Costello MP, Treasurer of the Commonwealth of Australia, *Review of International Tax Arrangements*, Press Release No. 021, 2 May 2002 and *Review of International Taxation Arrangements – Consultation Paper*, Press Release No. 046, 22 August 2002.

ANNEXURE 2

UNITED KINGDOM: ECONOMIC AND POLITICAL OVERVIEW

Prime Minister Tony Blair's Labour Government was returned to office following a national election on 7 June 2001, with a 167 seat majority in the House of Commons. The Government has identified public service reform and improvements to health and education services as major priorities for its current term.

Differences of view over the handling of Iraq within Tony Blair's Government led to the resignation of several ministers from cabinet, including former Leader of the House Robin Cook and Development Minister Clare Short (replaced by John Reid and Baroness Amos respectively). In June 2003, Prime Minister Blair announced a further cabinet reshuffle and a new Department of Constitutional Affairs to incorporate many of the responsibilities of the former Lord Chancellor's Department.

The government has also identified changes to the posts of Secretary of State for Scotland and Wales. Since Devolution in 1999, Scotland, Wales and Northern Ireland have their own assemblies, which exercise certain limited powers. Prime Minister Tony Blair has focused on the peace process for Northern Ireland during his time in office. Assembly elections for Northern Ireland may occur before then end of 2003.

Mr Blair's Government has also focused on developing its relations with the European Union. Prime Minister Blair has demonstrated an interest in the modernisation of EU institutions and economic reform. The UK supports the intergovernmental model of decision making based on member states' accountability to national parliaments rather than the federalist model of the EU superstate. Several key British ministers have pushed publicly for reform of the EU's Common Agricultural Policy. The government has welcomed the enlargement of the EU which will increase its membership from 15 to 25 from May 2004.

Chancellor Brown announced on 9 June 2003 that the UK economy was not yet ready for euro entry, with four of the five conditions set by him still not met. The Government has indicated it remains committed to further consideration of the issue.

While its membership of NATO is central to the UK's security policy, Prime Minister Blair has also promoted the development of the EU's European Security and Defence Policy. The United Kingdom is an influential player on the international stage, with a permanent seat on the United Nations Security Council. It is also a member of the G8 grouping of the seven largest economies plus Russia.

The UK economy grew 1.7 per cent in 2002. Slower than expected recoveries in the major EU economies remain a concern for the UK economy. The EU as a whole accounts for an increasing share of the UK's trade in goods and services, however, the United States is the United Kingdom's single largest trading partner, followed by Germany and France. The UK budget for 2003-2004 was handed down on 9 April 2003, with improved growth expectations of 2-2.5 per cent for 2003.

ANNEXURE 3

Convention between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains, done at Canberra on 21 August 2003, and an Associated Exchange of Notes. [2003] ATNIF 15

DFAT Country Fact Sheet – United Kingdom

General information

Capital:	London	Head of State:	H.M Queen Elizabeth II
Surface area:	245,000 sq km		
Official language:	English		
Population:	60.1 million (2002)	Head of Government:	Prime Minister The Rt. Hon. Tony Blair
Exchange rate:	A\$1 = 0.3550 Pounds (Dec 2002)		

Recent economic indicators

	1998	1999	2000	2001	2002(a)	2003(b)
GDP (US\$bn):	1,423.2	1,460.2	1,438.0	1,426.5	1,559.9	1,846.3
GDP per capita (US\$):	24,026	24,540	24,064	23,794	25,937	30,608
Real GDP growth (% change YOY):	2.9	2.4	3.1	2.0	1.7	1.8
Current account balance (US\$m):	-7,960	-31,940	-28,820	-23,490	-24,600	-26,900
Current account balance (% GDP):	-0.6	-2.2	-2.0	-1.6	-1.6	-1.5
Goods & services exports (% GDP):	26.6	26.2	27.9	27.0	25.5	24.8
Inflation (% change YOY):	3.4	1.6	2.9	1.8	1.6	1.8
Unemployment rate (%):	6.2	5.9	5.4	5.0	5.1	5.5

Australia's trade relationship with the United Kingdom

Major Australian exports, 2002 (A\$m):		Major Australian imports (A\$m)	
Non-monetary gold	1,285	Medicaments (including Veterinary)	962
Alcoholic beverages	920	Passenger motor vehicles	383
Coal	363	Printed matter	347
Aircraft & parts	192	Aircraft & parts	183
Lead	177	Telecommunications equipment	181

Australian merchandise trade with the United Kingdom, 2002		Total share:	Rank:	Growth (yoy):
Exports to the United Kingdom (A\$m)	5,602	4.7%	6 th	7.8%
Imports from the United Kingdom (A\$m)	5,846	4.6%	5 th	-6.9%
Total trade (exports+imports) (A\$m)	11,448	4.6%	6 th	-0.3%
Merchandise trade deficit with the UK (A\$m)	244			

Australia's trade in services with the United Kingdom, 2002		Total share
Exports of services to the United Kingdom (A\$m)	3,607	11.4%
Imports of services from the United Kingdom (A\$m)	3,661	11.2%
Services trade deficit with the UK (A\$m)	54	

The United Kingdom's global trade relationship

The UK's principal export destinations, 2001:			The UK's principal import sources, 2001:		
1	United States	15.9%	1	United States	14.0%
2	Germany	11.6%	2	Germany	11.7%
3	France	9.6%	3	France	7.7%
4	Netherlands	7.3%	4	Netherlands	6.2%
5	Ireland	6.9%	5	Belgium	4.8%
14	Australia	1.2%	25	Australia	0.8%

Compiled by the Market Information and Analysis Section, DFAT, using the latest data from the ABS, the IMF, and various international sources.

(a): all recent data subject to revision; (b): EIU forecast.

ANNEXURE 4

Convention between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains, done at Canberra on 21 August 2003, and an Associated Exchange of Notes. [2003] ATNIF 15

Treaties between Australia and the United Kingdom

Agreement for the Establishment and Maintenance of a Telephone Service between the Commonwealth of Australia and the United Kingdom of Great Britain and Northern Ireland
[1933] ATS 16

Exchange of Notes constituting an Agreement between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland regarding the Transfer of Heard Island and the MacDonal Islands from the United Kingdom to Australia
[1951] ATS 3

Agreement between the Government of the Commonwealth of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland for Air Services between and through their Respective Territories
[1958] ATS 4

Exchange of Notes constituting an Agreement between Australia and the United Kingdom concerning Customs Arrangements for Civil Aircraft Making Non-Scheduled Flights
[1961] ATS 23

Agreement between the Government of the Commonwealth of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains
[1968] ATS 9

Agreement between Australia and the United Kingdom of Great Britain and Northern Ireland to provide for the Establishment and Operation of a Large Optical Telescope
[1971] ATS 2

Agreement between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland concerning Nuclear Transfers between Australia and the United Kingdom
[1979] ATS 11

Protocol amending the Agreement between the Government of the Commonwealth of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains of 7 December 1967
[1980] ATS 22

Exchange of Notes between Australia and the United Kingdom of Great Britain and Northern Ireland constituting an Agreement further amending the Schedule to the Agreement for Air Services between and through their Respective Territories of 7 February 1958
[1985] ATS 17

Exchange of Letters constituting an Agreement to amend [Article 10 of] the Agreement to provide for the Establishment and Operation in Australia of a Large Optical Telescope of 25 September 1969

[1986] ATS 4

Agreement on Health Services between Australia and the United Kingdom of Great Britain and Northern Ireland

[1986] ATS 13

Exchange of Notes between Australia and the United Kingdom of Great Britain and Northern Ireland constituting an Agreement to amend the Agreement on Air Services between and through their Respective Territories

[1988] ATS 19

Films Co-Production Agreement between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland

[1991] ATS 28

Exchange of Notes between Australia and the United Kingdom of Great Britain and Northern Ireland constituting an Agreement to further amend the Agreement for Air Services between and through their Respective Territories of 7 February 1958, as amended

[1993] ATS 29

Exchange of Notes constituting an Agreement between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland concerning Maralinga and Other Sites in Australia

[1993] ATS 40

Exchange of Letters constituting an Agreement between Australia and the United Kingdom of Great Britain and Northern Ireland relating to Nauru

[1994] ATS 9

Agreement between the Government of Australia and the Government of the United Kingdom and Northern Ireland providing for the Reciprocal Recognition and Enforcement of Judgements in Civil and Commercial Matters

[1994] ATS 27

Agreement between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland concerning the Investigation, Restraint and Confiscation of the Proceeds and Instruments of Crime

[2000] ATS 15

Exchange of Letters constituting an Agreement to amend [Articles 1-3] of the Agreement between Australia and the United Kingdom of Great Britain and Northern Ireland on Health Services of 21 March 1986

[2000] ATS 28

Convention between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains (not yet in force)

[2003] ATNIF 15

ANNEXURE 5

Convention between the Government of Australian and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains, done at Canberra on 21 August 2003, and an Associated Exchange of Notes. [2003] ATNIF 15

Australia's Double Tax Treaties

Argentina

Agreement between Australia and the Argentine Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income
[1999] ATS 36

Austria

Agreement between Australia and the Republic of Austria for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income
[1988] ATS 21

Belgium

Agreement between Australia and the Kingdom of Belgium for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1979] ATS 21

Belgium

Protocol amending the Agreement between Australia and the Kingdom of Belgium for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income of 13 October 1977
[1986] ATS 25

Canada

Convention between Australia and Canada for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income
[1981] ATS 14

Canada

Protocol amending the Convention between Australia and Canada for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income
[2002] ATS 26

China

Agreement between the Government of Australia and the Government of the Republic of the People's Republic of China for the Avoidance of Double Taxation of Income and Revenues Derived by Air Transport Enterprises and International Air Transport
[1986] ATS 31

China

Agreement between the Government of Australia and the Government of the People's Republic of China for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income
[1990] ATS 45

Czech Republic

Agreement between Australia and the Czech Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income
[1995] ATS 30

Denmark

Agreement between the Government of Australia and the Government of the Kingdom of Denmark for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1981] ATS 26

Fiji

Agreement between Australia and Fiji for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1990] ATS 44

Finland

Agreement and Protocol between Australia and Finland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1986] ATS 6

Finland

Protocol to amend the Agreement between Australia and Finland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes and Income
[2000] ATS 24

France

Agreement between the Government of the Commonwealth of Australia and the Government of the French Republic for the Avoidance of Double Taxation of Income Derived from Air Transport
[1970] ATS 13

France

Agreement between the Government of Australia and the Government of the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1977] ATS 21

France

Protocol Amending the Agreement between the Government of Australia and the Government of the French Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income of 13 April 1976
[1990] ATS 26

Germany

Agreement and Protocol between the Commonwealth of Australia and the Federal Republic of Germany for the Avoidance of Double Taxation of Income and the Prevention of Fiscal Evasion with respect to Taxes on Income and Certain Other Taxes
[1975] ATS 8

Greece

Agreement between the Government of Australia and the Government of the Hellenic Republic for the Avoidance of Double Taxation of Income Derived from Air Transport
[1981] ATS 10

Hungary

Agreement between Australia and the Republic of Hungary for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1992] ATS 18

India

Agreement between the Government of Australia and the Government of the Republic of India for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1991] ATS 49

Indonesia

Agreement between the Government of Australia and the Government of the Republic of Indonesia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1992] ATS 40

Ireland

Agreement between the Government of Australia and the Government of Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains
[1983] ATS 25

Italy

Agreement between the Government of the Commonwealth of Australia and the Government of Italy for the Avoidance of Double Taxation of Income Derived from International Air Transport
[1976] ATS 7

Italy

Convention and Protocol between Australia and the Republic of Italy for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1985] ATS 27

Japan

Agreement between the Government of the Commonwealth of Australia and Japan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1970] ATS 9

Kiribati

Agreement between Australia and the Republic of Kiribati for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1991] ATS 34

Korea, Republic of

Convention and Protocol between the Government of Australia and the Government of the Republic of Korea for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1984] ATS 2

Malaysia

Agreement between the Government of Australia and the Government of Malaysia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1981] ATS 15

Malaysia

Exchange of Letters constituting an Agreement Prolonging the Effect of Certain Provisions of the Agreement between the Government of Australia and the Government of Malaysia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income of 20 August 1980
[1999] ATS 24

Malaysia

Protocol amending the Agreement between the Government of Australia and the Government of Malaysia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[2000] ATS 25

Malaysia

Second Protocol amending the Agreement between the Government of Australia and the Government of Malaysia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income as amended by the First Protocol of 2 August 1999
[2002] ATNIF 16

Malta

Agreement between Australia and Malta for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1985] ATS 15

Mexico

Agreement between the Government of Australia and the Government of the United Mexican States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (not yet in force)
[2002] ATNIF 24

Netherlands

Agreement between Australia and the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, and Protocol
[1976] ATS 24

Netherlands

Second Protocol Amending the Agreement between Australia and the Kingdom of the Netherlands for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Protocol of 17 March 1976
[1987] ATS 22

New Zealand

Agreement between the Government of Australia and the Government of New Zealand for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income
[1997] ATS 23

Norway

Convention between Australia and the Kingdom of Norway for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital
[1983] ATS 19

Papua New Guinea

Agreement between Australia and the Independent State of Papua New Guinea for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income
[1989] ATS 37

The Philippines

Agreement between the Government of Australia and the Government of the Republic of the Philippines for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1980] ATS 16

Poland

Agreement between Australia and the Republic of Poland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1992] ATS 14

Romania

Agreement between the Government of Australia and the Government of Romania for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, and Protocol
[2001] ATS 4

Russian Federation

Agreement between the Government of Australia and the Government of the Russian Federation for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[2000] ATNIF 10

Singapore

Agreement between the Government of the Commonwealth of Australia and the Government of the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1969] ATS 14

Singapore

Exchange of Letters constituting an Agreement between the Government of the Commonwealth of Australia and the Government of the Republic of Singapore Extending the Operation of Article 18 (3) of the Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income of 11 February 1969
[1975] ATS 18

Singapore

Exchange of Notes constituting an Agreement between the Government of Australia and the Government of the Republic of Singapore to further extend the operation of Article 18(3) of the Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income of 11 February 1969
[1981] ATS 31

Singapore

Exchange of Notes constituting an Agreement between the Government of Australia and the Government of the Republic of Singapore to Further Extend the Operation of Article 18(3) of the Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income of 11 February 1969
[1989] ATS 26

Singapore

Protocol amending the Agreement between Australia and the Government of the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income of 11 February 1969
[1990] ATS 3

Slovakia (Slovak Republic)

Agreement between Australia and the Slovak Republic for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income
[1999] ATS 35

South Africa

Agreement between the Government of Australia and the Government of the Republic of South Africa for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income
[1999] ATS 34

Spain

Agreement and Protocol between Australia and the Kingdom of Spain for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1992] ATS 41

Sri Lanka

Agreement between Australia and the Democratic Socialist Republic of Sri Lanka for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1991] ATS 42

Sweden

Agreement between the Government of Australia and the Government of Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1981] ATS 18

Switzerland

Exchange of Notes constituting an Agreement between the Government of Australia and the Federal Council of the Swiss Confederation, on behalf of the Canton of Vaud, Terminating the Declaration Relative to the Succession of Legacy Duties of 27 August 1872
[1959] ATS 15

Switzerland

Agreement and Protocol between Australia and Switzerland for the Avoidance of Double Taxation with Respect to Taxes on Income
[1981] ATS 5

Thailand

Agreement between Australia and the Kingdom of Thailand for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1989] ATS 36

United Kingdom

Agreement between the Government of the Commonwealth of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains
[1968] ATS 9

United Kingdom

Protocol amending the Agreement between the Government of the Commonwealth of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and Capital Gains
[1980] ATS 22

United Kingdom

Convention between the Government of Australia and the Government of the United Kingdom of Great Britain and Northern Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income and on Capital Gains
(not yet in force)
[2003] ATNIF 15

United States of America

Convention between the Government of the Commonwealth of Australia and the Government of the United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Gifts
[1953] ATS 4

United States of America

Convention between the Government of the Commonwealth of Australia and the Government of The United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on the Estates of Deceased Persons
[1953] ATS 4

United States of America

Convention between the Government of Australia and the Government of the United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1983] ATS 16

United States of America

Protocol amending the Convention between the Government of Australia and the Government of the United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income of 6 August 1982
[2003] ATS 14

Vietnam

Agreement between the Government Australia and the Government of the Socialist Republic of Vietnam for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[1992] ATS 44

Vietnam

Exchange of Notes constituting an Agreement between Australia and the Socialist Republic of Vietnam to Amend [Article 23] of the Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income of 13 April 1992
[1997] ATS 20

Vietnam

Exchange of Letters constituting an Agreement between Australia and the Socialist Republic of Vietnam to Amend the Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income of 13 April 1992, as amended by the Exchange of Notes of 22 November 1996
[2003] ATS 9