

U.K. Chancellor of the Exchequer Praises U.K.-U.S. Double Taxation Convention

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UK & USA SIGN DOUBLE TAXATION CONVENTION

===== SUMMARY =====

The U.K. Chancellor of the Exchequer Robert Brown praised the recently signed U.K.-U.S. double taxation convention, according to Inland Revenue Press Release 97/01. Brown said that "[t]he economic relationship between the UK and USA is one of the most important in the world. This new treaty represents a significant step forward in that relationship." Brown feels that, by improving market and employment flexibility via removing tax barriers and "by strengthening our two countries' defences against evasion and avoidance...", the treaty reinforces the U.K.'s importance as a link between the U.S. and Europe.

===== FULL TEXT =====

Press Release 97/ 01 issued on the 24 July 2001

[1] A new comprehensive Double Taxation Convention between the United Kingdom and the United States of America was signed today in London by Chancellor of the Exchequer Gordon Brown and US Treasury Secretary Paul O'Neill.

[2] Welcoming the signature of the Convention, the Chancellor said:

"The economic relationship between the UK and USA is one of the most important in the world. This new treaty represents a significant step forward in that relationship. It is a significant enhancement of the benefits available to taxpayers under the present treaty

"By removing tax-related barriers to market and employment flexibility, by seeking to eliminate double taxation, and by strengthening our two countries' defences against evasion and avoidance, the new treaty provides a framework within which UK and US businesses can trade and invest with certainty and confidence. The treaty reinforces the UK's pivotal role as a vital link between the United States and Europe.

"And it is wholly appropriate at the beginning of the twenty first century that our two countries should strengthen our long standing and unique relationship with a modern tax treaty that enables and promotes open markets, enterprise and business flexibility."

NOTES FOR EDITORS

1. The text of the new Convention will in due course be laid before the House of Commons as a Schedule to a Draft Order in Council. It will then be available from The Stationery Office. Until then the text can be viewed on the Internet at <http://www.inlandrevenue.gov.uk> although until it has been approved and ratified by both countries it has no legal effect. The new treaty is expected to come into effect in 2002.

2. The present Double Taxation Convention between the United Kingdom and the United States of America has been in effect since 1975. The two countries announced on 1 October 1998 that negotiations were to begin towards a new Convention. Today's signature of the new Convention marks the successful completion of these negotiations

3. Double Taxation Conventions aim to eliminate the double taxation of income or gains arising in one State and paid to residents of another State. They do this by dividing the taxing rights that each treaty partner has under its domestic law over the same income and gains. They provide additional protection for taxpayers by specific measures combating discrimination in tax treatment. More generally, Conventions benefit the taxpayer by ensuring certainty of treatment and, as far as possible, by reducing compliance burdens. Double Taxation Conventions also serve an Exchequer protection role by including provisions to combat avoidance and evasion - not least by measures providing for the exchange of information between Revenue authorities.