STATUTORY INSTRUMENTS

2015 No. 1889

CAPITAL GAINS TAX
CORPORATION TAX
INCOME TAX

The Double Taxation Relief and International Tax Enforcement (Croatia) Order 2015

Made - - - - 11th November 2015

At the Court at Buckingham Palace, the 11th day of November 2015

Present,

The Queen's Most Excellent Majesty in Council

A draft of this Order was laid before the House of Commons in accordance with section 5(2) of the Taxation (International and Other Provisions) Act 2010(**1**) and section 173(7) of the Finance Act 2006(**2**) and approved by a resolution of that House.

Accordingly, Her Majesty, in exercising the powers conferred upon Her by section 2 of the Taxation (International and Other Provisions) Act 2010 and section 173(1) to (3) of the Finance Act 2006, by and with the advice of Her Privy Council, orders as follows—

Citation

1. This Order may be cited as the Double Taxation Relief and International Tax Enforcement (Croatia) Order 2015.

Double taxation and international tax enforcement arrangements to have effect

2. It is declared that—

(a) the arrangements specified in the Agreement and Protocol set out in the Schedule to this Order have been made with the Government of the Republic of Croatia;

(b) the arrangements have been made with a view to affording relief from double taxation in relation to capital gains tax, corporation tax and income tax and taxes of a similar

(**1**) 2010 c. 8.
(**2**) 2006 c. 25.

character imposed by the laws of the Republic of Croatia and for the purposes of assisting international tax enforcement; and

(c) it is expedient that those arrangements should have effect.

Richard Tilbrook
Clerk of the Privy Council

SCHEDULE Article 2

AGREEMENT BETWEEN THE REPUBLIC OF CROATIA AND TH UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENT OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND CAPITAL GAINS

The Republic of Croatia and the United Kingdom of Great Britain and Northern Ireland;

Desiring to conclude an Agreement for the avoidance of double taxation and the prevention o fiscal evasion with respect to taxes on income and on capital gains;

Have agreed as follows:

ARTICLE 1

Persons covered

This Agreement shall apply to persons who are residents of one or both of the Contracting Sta

ARTICLE 2

Taxes covered

(1) This Agreement shall apply to taxes on income and on capital gains imposed on beha a Contracting State or of its political subdivisions or local authorities, irrespective of the mann which they are levied.

(2) There shall be regarded as taxes on income and on capital gains all taxes imposed on income, or on elements of income, including taxes on gains from the alienation of movable or immovable property.

(3) The existing taxes to which this Agreement shall apply are in particular:

(a) in the case of the United Kingdom:

(i) the income tax;

(ii) the corporation tax; and

(iii) the capital gains tax;

(hereinafter referred to as "United Kingdom tax");

(b) in the case of the Republic of Croatia:

(i) the profit tax;

(ii) the income tax; and

(iii) the local income tax and any other surcharge levied on one of these taxes;

(hereinafter referred to as "Croatian tax").

(4) This Agreement shall also apply to any identical or substantially similar taxes that ar imposed after the date of signature of this Agreement in addition to, or in place of, the existin taxes. The competent authorities of the Contracting States 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) the term "United Kingdom" means Great Britain and Northern Ireland, including any outside the territorial sea of the United Kingdom which in accordance with internatio law has been or may hereafter be designated, under the laws of the United Kingdom concerning the Continental Shelf, as an area within which the rights of the United Kingdom with respect to the sea bed and sub-soil and their natural resources may be exercised;

(b) the term "Croatia" means the territory of the Republic of Croatia as well as those mar areas adjacent to the outer limit of territorial sea, including sea bed and sub-soil there over which the Republic of Croatia in accordance with international law and the laws the Republic of Croatia exercises its sovereign rights and jurisdiction;

(c) the terms "a Contracting State" and "the other Contracting State" mean the United Kingdom or Croatia, as the context requires;

(d) the term "person" includes an individual, a company and any other body of persons;

(e) the term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;

(f) the term "enterprise" applies to the carrying on of any business;

(g) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State an enterprise carried on by a resident of the other Contracting State;

(h) the term "international traffic" means any transport by a ship or aircraft operated by a enterprise of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;

(j) the term "national" means:

(i) in relation to the United Kingdom, any British citizen, or any British sub not possessing the citizenship of any other Commonwealth country or territory, provided he has the right of abode in the United Kingdom; and legal person, partnership, association or other entity deriving its status as such from the laws in force in the United Kingdom;

(ii) in relation to Croatia, any individual possessing the nationality of Croati and any legal person, partnership or association deriving its status as suc from the laws in force in Croatia;

(k) the term "business" includes the performance of professional services and of other activities of an independent character;

(l) the term "pension scheme" means any scheme or other arrangement established in a Contracting State which:

(i) is generally exempt from income taxation in that State; and

(ii) operates principally to administer or provide pension or retirement bene or to earn income for the benefit of one or more such arrangements.

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

ARTICLE 4

Residence

(1) For the purposes of this Agreement, the term "resident of a Contracting State" means person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management, place of incorporation or any other criterion of a similar natu and also includes that State and any political subdivision or local authority thereof. This term however, does not include any person who is liable to tax in that State in respect only of incor capital gains from sources in that State.

(2) Where by reason of the provisions of paragraph (1) an individual is a resident of both Contracting States, then his status shall be determined in accordance with the following rules: