

1942.

NEW ZEALAND.

LAND AND INCOME TAX DEPARTMENT.

AGREEMENT DATED THE 10TH DAY OF MARCH, 1942, BETWEEN HIS MAJESTY'S GOVERNMENT IN THE UNITED KINGDOM AND HIS MAJESTY'S GOVERNMENT IN NEW ZEALAND FOR THE RECIPROCAL EXEMPTION FROM INCOME-TAX ON CERTAIN PROFITS OR GAINS ARISING THROUGH AN AGENCY.

Presented to both Houses of the General Assembly by Command of His Excellency.

His Majesty's Government in the United Kingdom of Great Britain and Northern Ireland (hereinafter referred to as "the United Kingdom") and His Majesty's Government in New Zealand, being desirous of concluding an agreement for reciprocal exemption from income-tax in certain cases of profits or gains arising through an agency, have agreed and declared as follows:—

ARTICLE 1.

His Majesty's Government in the United Kingdom undertake that the profits or gains to which this Article relates shall, so long as the exemption specified in Article 2 hereof remains effective, be exempted from income-tax (including surtax) chargeable in the United Kingdom for the year of assessment commencing on the sixth day of April, nineteen hundred and thirty-seven, and for every subsequent year of assessment, and will take the necessary action under section seventeen of the Act of Parliament of the United Kingdom known as the Finance Act, 1930, with a view to giving the force of law to the exemption aforesaid.

The profits or gains to which this Article relates are any profits or gains arising, whether directly or indirectly, through an agency in the United Kingdom to a person who is resident in New Zealand and is not resident in the United Kingdom, unless the profits or gains either—

- (1) arise from the sale of goods from a stock in the United Kingdom, or
- (2) accrue directly or indirectly through any branch or management in the United Kingdom or through an agency in the United Kingdom where the agent has and habitually exercises a general authority to negotiate and conclude contracts.

ARTICLE 2.

His Majesty's Government in New Zealand undertake that the profits or gains to which this Article relates shall, so long as the exemption specified in Article 1 hereof remains effective, be exempted from income-tax chargeable in New Zealand for the year of assessment commencing on the first day of April, nineteen hundred and thirty-seven, and for every subsequent year of assessment, and will take the necessary action under section eleven of the Act of Parliament of New Zealand, known as the Land and Income Tax Amendment Act, 1935, with a view to giving the force of law to the exemption aforesaid.

The profits or gains to which this Article relates are any profits or gains arising, whether directly or indirectly, through an agency in New Zealand to a person who is resident in the United Kingdom and is not resident in New Zealand, unless the profits or gains either—

- (1) arise from the sale of goods from a stock in New Zealand, or
- (2) accrue directly or indirectly through any branch or management in New Zealand or through an agency in New Zealand where the agent has and habitually exercises a general authority to negotiate and conclude contracts.

ARTICLE 3.

Furthermore, His Majesty's Government in the United Kingdom hereby declare that, under the law in force in the United Kingdom relating to income-tax, an agent in the United Kingdom through whom sales or transactions are carried out on behalf of a person who is not resident in the United Kingdom is not chargeable, on behalf of that person, to income-tax (including surtax) in respect of profits or gains arising to that person from those sales or transactions if such agent—

- (a) is not an authorized person carrying on the regular agency of that non-resident person, or
- (b) is a broker or general commission agent who, notwithstanding that he acts regularly for that non-resident person as broker or general commission agent, is a person who carries on *bona fide* the business of a broker or general commission agent in Great Britain or Northern Ireland and carries out the said sales or transactions on behalf of that non-resident person in the ordinary course of his business as broker or general commission agent for remuneration at a rate not less than that customary in the class of business in question.