

STATES OF JERSEY



DRAFT TAXATION (DOUBLE TAXATION) (JERSEY) REGULATIONS 201-

Lodged au Greffe on 20th April 2010
by the Chief Minister

STATES GREFFE



Jersey

DRAFT TAXATION (DOUBLE TAXATION) (JERSEY) REGULATIONS 201-

REPORT

P.50/2010 Ratification of a Double Taxation Agreement between the States of Jersey and the Government of Malta contains a statement of the purpose of, and the financial and manpower implications of these Regulations, and for convenience the resource statement is reproduced below.

P.50/2010 is the report and proposition requesting the States to ratify the Double Taxation Agreement between Jersey and Malta signed by the Chief Minister on 25th January 2010 and included as Schedule 2 to these Draft Regulations.

Financial and manpower implications (from P.50/2010)

There are no implications for the financial or manpower resources of the States arising from the ratification and implementation of the double taxation agreement with the Government of Malta.

Explanatory Note

These Regulations give effect to double taxation agreements (DTAs) entered into between Jersey and other countries or territories. On this occasion, only one DTA is being implemented (that with Malta) but the Regulations would be amended in the future so as to give effect to further DTAs.

Regulation 1 is the interpretation provision.

Regulation 2 gives effect to DTAs. Once a DTA has effect, the Income Tax (Jersey) Law 1961 and other enactments have effect subject to the terms of the DTA.

The structure of these draft Regulations is to list in Schedule 1 the countries with which DTAs have been made and note the date each DTA came into force. Subsequent Schedules will then contain the text of the DTAs and any modifications to the Income Tax (Jersey) Law 1961 or other enactments that are a necessary consequence of implementing a DTA.

Regulation 3 requires the Chief Minister to make Orders adding in Schedule 1, for each DTA, the date that it has effect.

Regulation 4 authorises the competent authority for Jersey, according to the terms of a DTA, to provide tax information to the competent authority of the third country with which the DTA has been made, in accordance with the obligations in the DTA in question to provide such information. The expectation is that DTAs will ordinarily name the Minister for Treasury and Resources as the competent authority for Jersey, but that the Minister would delegate his functions under the DTA to the Comptroller of Income Tax. However, if the Minister was to discharge the functions of competent authority personally, paragraph (2) authorizes the Comptroller to provide the Minister with such information as would be required to discharge those functions. Each DTA would ordinarily place restraints upon the use, by the competent authority of a third country, of information provided by the competent authority of Jersey under the DTA.

Regulation 5 is concerned with information that is received from the competent authority of a third country under a DTA. Each DTA would ordinarily place restraints upon the use of such information by the competent authority of Jersey and this Regulation provides that using such information in breach of those restraints is an offence.

Regulation 6 empowers the Comptroller of Income Tax to require a taxpayer to provide information about the taxpayer's liability to tax. This Regulation must be read in conjunction with the definition "taxpayer" in Regulation 1(2) and the description of what constitutes a taxpayer's liability to tax, in Regulation 1(2). This power to obtain information arises only in relation to a taxpayer whose liability to tax, whether in Jersey or in a third country with which Jersey has made a DTA, is affected by the terms of the DTA with that third country, or who is liable to tax in that third country. The information that that the taxpayer may be required to produce is limited to information regarding the taxpayer's liability to tax in Jersey or the third country that is affected by the terms of the DTA or regarding the taxpayer's liability to tax in the third country.

The procedures for obtaining information from a taxpayer are the same as those in Regulation 2 of the Taxation (Exchange of Information with Third Countries) (Jersey)

Regulations 2008. The Comptroller must first give the taxpayer the opportunity to provide the information voluntarily. If the taxpayer does not do so, the Comptroller may then serve notice under this Regulation requiring the taxpayer to provide information regarding the taxpayer's liability to tax or, if it is relevant to implementation of a DTA, the taxpayer's residential status. Generally, the Comptroller must give reasons for giving notice. However, the Comptroller need not give reasons if to do so would identify an informant, if the taxpayer is suspected of having committed an offence in a third country or if giving reasons would otherwise prejudice the assessment or collection of tax. The taxpayer is not required to provide any information that relates to a pending appeal.

Failure to comply with *Regulation 6* is an offence, by virtue of *Regulation 19(2)*, for which an unlimited fine may be imposed.

Regulation 7 empowers the Comptroller of Income Tax to obtain information about a taxpayer's liability to tax from a third person. The power is limited to circumstances where it is believed that the taxpayer may have failed to comply with the domestic tax law of a third country, with the consequence that either there has not been proper assessment to tax in that country or collection of tax in that country.

The procedures for obtaining information from a third person about a taxpayer are the same as those in Regulation 3 of the Taxation (Exchange of Information with Third Countries) (Jersey) Regulations 2008. The Comptroller must first give the third person the opportunity to provide the information voluntarily. If the third person does not do so, the Comptroller may then serve notice under the Regulation requiring the third person to provide information regarding the taxpayer's liability to tax or, if it is relevant, the taxpayer's residential status. The Comptroller must give a copy of the notice to the taxpayer to whom the notice relates. The Comptroller must give reasons for giving the notice except if to do so would identify an informant, if the taxpayer is suspected of having committed an offence in a third country or if giving reasons would otherwise prejudice the assessment or collection of tax.

Failure to comply with *Regulation 7* is an offence, by virtue of *Regulation 19(2)*, for which an unlimited fine may be imposed.

Regulation 8 requires that a notice under *Regulation 6 or 7* must specify a time (not less than 30 days) within which the notice must be complied with.

Regulation 9 provides that if the notice is given to a third person under *Regulation 7*, the notice must make it clear which taxpayer it relates to.

Regulation 10 allows the Comptroller to take a copy of any document or other record of information that is provided.

Regulation 11 confers powers on the Royal Court where either a taxpayer has not complied with a notice under *Regulation 6* or it is suspected that a taxpayer will not comply. In such a case, the Comptroller may apply to the Royal Court for that Court to make an order requiring the taxpayer to provide information specified in the order to the Comptroller. Failure to comply with the order is an offence, by virtue of *Regulation 19(2)*, for which an unlimited fine may be imposed.

Regulation 12 confers powers on the Royal Court where a third person has not complied with a notice under *Regulation 7* or it is suspected that the person will not comply or the taxpayer to whom the notice relates may have contravened the tax laws of a third country, with the consequence that the assessment or collection of tax in that

country may have been seriously prejudiced. The Comptroller may apply to the Royal Court for that Court to make an order requiring the third person to provide information specified in the order to the Comptroller. Failure to comply with the order is an offence, by virtue of *Regulation 19(2)*, for which an unlimited fine may be imposed.

In the event that a court order under *Regulation 11 or 12* relates to information stored electronically, any requirement to provide the information is a requirement to provide the information in a visible and legible form.

Regulation 14 requires that a taxpayer or third person against whom the Comptroller intends to seek an order under *Regulation 11 or 12* must be given notice, at least 14 days before the Comptroller applies to the Royal Court, of the Comptroller's intention to apply. The taxpayer or third person generally has a right to appear at the hearing of the application. However, the Royal Court may make an exception to the requirements of this Regulation if it is satisfied that giving prior notice and allowing the taxpayer or third person to appear would seriously prejudice the investigation of a criminal offence in a third country.

Regulation 15 requires a person who has been given notice by the Comptroller under *Regulation 6, 7 or 14* not to alter, conceal, destroy or in any other way dispose of the information to which the notice relates. However, the person may do any of those things if the Royal Court allows or the Comptroller allows. The person may further do any of those things once the notice has been complied with or, in the case of notice, required by *Regulation 14*, of an application under *Regulation 11 or 12*, once the application has been concluded.

Non-compliance is an offence subject to an unlimited fine, by virtue of *Regulation 19(1)*.

Regulation 16 confers powers for the Comptroller to apply to the Bailiff for a warrant for entry, search and seizure. There are 2 grounds for issuing a warrant. The first is that it is believed that an offence under these Regulations has been or will be committed on premises. The second is that there may be information on premises that a person would be required to provide to the Comptroller and the Bailiff is satisfied that, if the notice procedure under *Regulation 6 or 7* was used, a tax investigation might be seriously prejudiced.

Obstructing a person executing a warrant is an offence subject to imprisonment for up to 12 months and/or an unlimited fine, by virtue of *Regulation 19(3)*.

Regulation 17 supplements *Regulation 16*. If items are seized under a warrant, the occupier of the premises searched, or the person who had the items in his or her possession may ask for a record of what has been taken. If the item taken can be copied and a copy used in evidence, it must be retained only for so long as is necessary to take the copy.

Regulation 18 confers rights of appeal to the Royal Court against a notice under *Regulation 6 or 7*.

Regulation 19 creates offences in relation to *Regulations 6, 7, 11, 12, 15 and 16*, already described above.

Regulation 20 provides for the criminal liability of officers of a company or limited liability partnership which has committed an offence against the Regulations.

Regulation 21 provides for the citation and commencement of the Regulations.

Schedule 1 lists the third countries with which DTAs have been made and gives the date each DTA came into force.

Schedule 2 reproduces the DTA with Malta and applies Part 14 of the Income Tax (Jersey) Law 1961 as if the DTA with Malta had been given effect under that Part.



Jersey

DRAFT TAXATION (DOUBLE TAXATION) (JERSEY) REGULATIONS 201-

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Jersey

DRAFT TAXATION (DOUBLE TAXATION) (JERSEY) REGULATIONS 201-

Made [date to be inserted]

Coming into force [date to be inserted]

THE STATES, in pursuance of Article 2(1) of the Taxation (Implementation) (Jersey) Law 2004¹ and following the decision of the States, taken on the day these Regulations are made, to adopt P.50/2010, have made the following Regulations –

1 Interpretation

(1) In these Regulations, unless the context otherwise requires –

“1961 Law” means the Income Tax (Jersey) Law 1961²;

“DTA” means an agreement, reproduced in a Schedule, for the avoidance of double taxation, made between Jersey and a third country;

“information” means a fact, statement, document or record, in whatever form;

“relevant criminal offence” means an offence that is criminal by reason of the law of a third country that is designated as a criminal law, for which purpose it is immaterial whether it is contained in a tax law, in a criminal code or in any other law;

“tax information” means information that the competent authority of Jersey, in accordance with the terms of a DTA, is obliged to provide to the competent authority of the third country with which the DTA has been made;

“taxpayer” means a person –

(a) whose liability to tax, whether in Jersey or a third country, is subject to the terms of the DTA between Jersey and that third country; or

(b) who is liable to tax in that third country;

“third country” means a country or territory that is listed in column 1 of Schedule 1, subject to the description, if any, opposite in column 2 of that Schedule, with which Jersey has made a DTA.

- (2) In these Regulations, a reference to a taxpayer's liability to tax is a reference to –
 - (a) any tax to which the taxpayer is or may be subject, whether in Jersey or a third country, and which is subject to the terms of a DTA between Jersey and that third country; or
 - (b) any tax to which the taxpayer is or may be subject in that third country.
- (3) In these Regulations, a reference to a person's residential status shall be construed in accordance with the terms of the DTA for the purposes of which the provision of these Regulations in which the reference appears is being applied.
- (4) In these Regulations, a reference, in relation to a DTA, to the competent authority for Jersey or the competent authority for a third country shall be construed in accordance with that DTA.
- (5) These Regulations apply to an amendment to a DTA as they apply to a DTA and, accordingly, a reference in them to a DTA includes a reference to an amendment to a DTA.

2 DTAs given effect

- (1) A DTA shall have effect, in accordance with its terms, notwithstanding the provisions of the 1961 Law or any other enactment.
- (2) Schedule 1 has effect as an index of DTAs and the dates they entered into force.
- (3) Schedule 2 and ensuing Schedules have effect to reproduce DTAs and to modify the operation of the 1961 Law for the purposes of DTAs.

3 Orders

The Chief Minister shall, by Order, amend Schedule 1 so as to add, in column 3, in relation to each DTA, the date the DTA came into force.

4 Power to disclose information for purposes of DTA

- (1) Notwithstanding anything contained in the 1961 Law or any other enactment, the competent authority for Jersey may, in the discharge of his or her obligations under a DTA, provide tax information to the competent authority for the third country with which the DTA has been made.
- (2) Notwithstanding anything contained in the 1961 Law or any other enactment, the Comptroller may provide tax information to the competent authority for Jersey, for the purposes of the discharge of the obligations described in paragraph (1).

5 Confidentiality of information received under DTA

- (1) Information received by the competent authority of Jersey from the competent authority of a third country pursuant to a DTA shall be

disclosed only to persons, and used only for the purposes, described in the DTA.

- (2) A person who knowingly contravenes paragraph (1) commits an offence and is liable to a fine.

6 Provision of information by taxpayer

- (1) The Comptroller may require a taxpayer to provide to the Comptroller any of the following information –
- (a) a document or record in the taxpayer's possession that contains or in the reasonable opinion of the Comptroller may contain information that is relevant to the taxpayer's liability to tax, or to the amount of any such liability;
 - (b) information within the taxpayer's knowledge or belief that the Comptroller reasonably requires as being relevant to the taxpayer's liability to tax or to the amount of any such liability; and
 - (c) evidence within the taxpayer's possession that the Comptroller reasonably requires as being relevant to the taxpayer's residential status for the purposes of a DTA.
- (2) A requirement under paragraph (1) shall be made by notice in writing.
- (3) Before giving a notice under this Regulation, the Comptroller shall allow the taxpayer a reasonable opportunity to provide to the Comptroller the information concerned.
- (4) When giving a notice under this Regulation, the Comptroller shall also give to the taxpayer a written summary of the Comptroller's reasons for the giving of the notice.
- (5) Paragraph (4) does not require the disclosure of information –
- (a) if its disclosure would identify or might identify a person who has provided information that the Comptroller takes into account in deciding whether to give the notice;
 - (b) if the Comptroller is satisfied that there are reasonable grounds for suspecting that the taxpayer has committed a relevant criminal offence; or
 - (c) if the Comptroller is satisfied that disclosure of information of that description would prejudice the assessment or collection of tax.
- (6) A notice under this Regulation does not oblige a taxpayer to provide –
- (a) a document or record;
 - (b) tax information; or
 - (c) evidence,
- relating to the conduct of a pending appeal by the taxpayer in respect of an assessment to tax.
- (7) A taxpayer may comply with a notice to provide a document or record under this Regulation by providing a copy of it instead of the original, if the copy is in such form as the Comptroller may reasonably require.

- (8) However, if the taxpayer does provide a copy, the Comptroller may by notice in writing require the taxpayer to make the original available for inspection.

7 Provision by other persons of information about taxpayer

- (1) This Regulation applies if the Comptroller has reasonable grounds for believing –
- (a) that a taxpayer may have failed to comply, or may fail to comply, with a domestic law of a third country concerning tax; and
 - (b) that any such failure has led, is likely to have led or is likely to lead to serious prejudice to the proper assessment or collection of tax in that third country.
- (2) If this Regulation applies, the Comptroller may require any person other than the taxpayer to provide to the Comptroller a document or record in the person's possession that contains or in the reasonable opinion of the Comptroller may contain information that is relevant to –
- (a) the taxpayer's liability to tax;
 - (b) the amount of any such liability; or
 - (c) the taxpayer's residential status for the purposes of the DTA.
- (3) A requirement under paragraph (2) shall be made by notice in writing.
- (4) Before giving a notice under this Regulation, the Comptroller shall allow the person of whom the requirement is to be made a reasonable opportunity to provide to the Comptroller the document or record concerned.
- (5) The Comptroller shall give to the taxpayer –
- (a) a copy of the notice; and
 - (b) a written summary of the Comptroller's reasons for the giving of the notice.
- (6) Paragraph (5) does not require the disclosure of information –
- (a) if its disclosure would identify or might identify a person who has provided information that the Comptroller takes into account in deciding whether to give the notice;
 - (b) if the Comptroller is satisfied that there are reasonable grounds for suspecting that the taxpayer has committed a relevant criminal offence; or
 - (c) if the Comptroller is satisfied that disclosure of information of that description would prejudice the assessment or collection of tax.
- (7) A person may comply with a notice to provide a document or record under this Regulation by providing a copy of it instead of the original, if the copy is in such form as the Comptroller may reasonably require.
- (8) However, if the person does provide a copy, the Comptroller may by notice in writing require the person to make the original available for inspection.

8 Time for compliance with notices

- (1) A notice under Regulation 6 or Regulation 7 shall specify a time within which the person to whom it is given must comply with it.
- (2) The time to be specified shall be not less than 30 days, beginning on the date on which the notice is given to the person who is to comply with it.

9 Naming of taxpayer under Regulation 7

A notice under Regulation 7 shall name the taxpayer to whom it relates.

10 Copying of information

If information is provided to the Comptroller in compliance with a requirement made by the Comptroller under Regulation 6 or Regulation 7, the Comptroller may make and retain a copy or extract of it.

11 Court order for provision of information by taxpayer

- (1) This Regulation applies if the Royal Court is satisfied, on the application of the Comptroller –
 - (a) that a taxpayer has failed to comply with a requirement made of that taxpayer under Regulation 6; or
 - (b) that there are reasonable grounds for suspecting that a taxpayer will not comply with such a requirement.
- (2) If this Regulation applies, the Royal Court may make an order that the taxpayer must provide to the Comptroller, within such time as the order specifies –
 - (a) a document or record in the taxpayer's possession that contains information that is relevant to the taxpayer's liability to tax, or to the amount of any such liability;
 - (b) information that the court specifies as being relevant to the taxpayer's liability to tax, or to the amount of any such liability; or
 - (c) evidence that the court specifies of the taxpayer's residential status for the purposes of the DTA.

12 Court order for delivery of document or record relating to taxpayer

- (1) This Regulation applies if the Royal Court is satisfied, on the application of the Comptroller, of both of the following matters –
 - (a) that a person of whom a requirement has been made under Regulation 7 appears to have possession of a document or record to which paragraph (2) of that Regulation refers; and
 - (b) that any of the circumstances in paragraph (2) of this Regulation applies.
- (2) The circumstances to which this paragraph refers are –

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- (a) that the person has failed to comply with the requirement under Regulation 7;
 - (b) that there are reasonable grounds for suspecting that the person will not comply with such a requirement; or
 - (c) that the taxpayer to whom the requirement relates may have failed to comply, or may fail to comply, with any provision of a domestic law of a third country concerning tax, and that any such failure has led, is likely to have led or is likely to lead to serious prejudice to the proper assessment or collection of tax.
- (3) If this Regulation applies, the Royal Court may make an order that the person of whom the requirement has been made under Regulation 7 must provide the document or record to the Comptroller within such time as the order specifies.

13 Documents and records in electronic or magnetic form

If an order under Regulation 11 or Regulation 12 applies to a document or record in electronic or magnetic form, the order is to be taken to require the person to provide the information in the document or record in a form in which the information is visible and legible.

14 Notice of application for court order

A person is entitled –

- (a) to at least 14 days notice of the Comptroller's intention to apply for an order against the person under Regulation 11 or Regulation 12; and
- (b) to appear and be heard at the hearing of the application,

unless the Royal Court is satisfied that compliance with this Regulation will seriously prejudice the investigation of a relevant criminal offence.

15 Protection of evidence

- (1) This Regulation applies –
 - (a) if the Comptroller has given a taxpayer a notice under Regulation 6 requiring the taxpayer to provide to the Comptroller any information;
 - (b) if the Comptroller has given a person a notice under Regulation 7 requiring the person to provide to the Comptroller any document or record;
 - (c) if the Comptroller has given a person notice of the Comptroller's intention to apply for an order under either of Regulations 11 and 12.
- (2) The person shall not alter, conceal, destroy, or otherwise dispose of any document, record, information or evidence to which the notice or application relates.
- (3) This Regulation does not prohibit a person from altering, concealing, destroying or otherwise disposing of or disclosing anything –

- (a) with the leave of the Court; or
 - (b) with the written permission of the Comptroller.
- (4) This Regulation does not prevent a person from altering, concealing, destroying or otherwise disposing of anything to which a requirement of a notice under Regulation 6 or Regulation 7 refers after the person has complied with the notice.
- (5) This Regulation does not prevent a person from altering, concealing, destroying or otherwise disposing of or disclosing anything to which an application under Regulation 11 or Regulation 12 relates –
- (a) after the application has been dismissed or abandoned; or
 - (b) after the application has been determined and the order or orders (if any) that have been made under it have been complied with.

16 Search and seizure

- (1) On an application made by the Comptroller, the Bailiff may issue a warrant under this Regulation in respect of any premises if the Bailiff is satisfied that there are reasonable grounds for believing –
- (a) that an offence under these Regulations has been or is about to be committed on the premises; or
 - (b) that there is or may be on the premises anything that a person may be required, by a notice given under Regulation 6 or Regulation 7, to provide to the Comptroller.
- (2) However, a warrant may not be issued under paragraph (1) in the circumstances to which sub-paragraph (b) of that paragraph refers unless the Bailiff is satisfied that there are reasonable grounds for believing that use of the procedure under Regulation 6 or Regulation 7 might seriously prejudice an investigation concerning tax.
- (3) A warrant that is issued under this Regulation shall remain in force for 14 days and then cease to have effect.
- (4) The warrant authorizes every designated tax officer to enter and search the premises, and for that purpose to take with him or her such other persons as are reasonably necessary.
- (5) On entering the premises under the authority of the warrant, the person executing it may seize and remove anything found there, if he or she has reasonable grounds to believe –
- (a) where the warrant is issued on the ground described in paragraph (1)(a), that it may be required as evidence for the purposes of proceedings for an offence against these Regulations;
 - (b) where the warrant is issued on the ground described in paragraph (1)(b), that it is a document or record to which the notice, if given under Regulation 6 or 7, would relate.
- (6) The warrant does not authorize the seizure or removal of an item that is subject to legal privilege.
- (7) In this Regulation, “designated tax officer” means –

- (a) the Comptroller; or
 - (b) each other officer who is designated in writing for the purposes of this Regulation by the Comptroller.
- (8) No application shall be made under this Article without the consent of the Attorney General.

17 Procedure where items are removed

- (1) A person who removes anything from any premises under Regulation 16 shall, if requested to do so by a person described in paragraph (2) of this Regulation, provide that person with a record as to what has been removed.
- (2) The persons to whom this paragraph refers are –
- (a) an occupier of the premises; or
 - (b) a person who had possession of the thing immediately before its removal.
- (3) The record shall be provided within a reasonable time.
- (4) If the thing removed is of such a nature –
- (a) that a photograph or copy of it is sufficient for use as evidence in proceedings under these Regulations; or
 - (b) that a photograph or copy of it is sufficient for any forensic examination or investigation under these Regulations,
- the thing removed may not be retained for longer than is necessary to establish that fact and to obtain the photograph or copy.

18 Appeals

- (1) The following persons have a right of appeal to the Royal Court under these Regulations –
- (a) a taxpayer, against a requirement made of that taxpayer under Regulation 6(1);
 - (b) a person, against a requirement made of that person under Regulation 7(2);
 - (c) a taxpayer, against a requirement made of another person under Regulation 7(2) in relation to that taxpayer.
- (2) An appeal under this Article shall be brought within 21 days after the appellant is given notice in writing of the requirement to which the appeal relates, or within such further time as the Royal Court may allow.
- (3) The effect of the requirement to which the appeal relates shall be stayed pending its determination, unless the Royal Court orders otherwise.
- (4) On hearing the appeal, the Royal Court may confirm, vary or set aside the requirement to which the appeal relates, and may make such order as to the costs of the appeal as it thinks fit.

19 Offences

- (1) A person who intentionally and without reasonable excuse contravenes Regulation 15(2) is guilty of an offence and liable to a fine.
- (2) A person who intentionally and without reasonable excuse fails to comply with a requirement under any of Regulations 6, 7, 11 and 12 is guilty of an offence and liable to a fine.
- (3) A person who intentionally and without reasonable excuse obstructs a person who is executing a warrant under Regulation 16 is guilty of an offence and liable to imprisonment for 12 months and a fine.

20 Offences – general

- (1) If an offence under these Regulations by a limited liability partnership or body corporate is proved to have been committed with the consent or connivance of –
 - (a) a person who is a partner of the partnership or director, manager, secretary or other similar officer of the body corporate; or
 - (b) a person purporting to act in any such capacity,the person is guilty of the offence and liable in the same manner as the partnership or body corporate to the penalty provided for that offence.
- (2) If the affairs of a body corporate are managed by its members, paragraph (1) applies in relation to acts and defaults of a member in connection with the member's functions of management as if the member were a director of the body corporate.

21 Citation and commencement

These Regulations may be cited as the Taxation (Double Taxation) (Jersey) Regulations 201- and shall come into force 7 days after they are made.

SCHEDULE 1

(Regulation 1)

DOUBLE TAXATION AGREEMENTS

1 Country or territory	2 Description	3 Date of entry into force	4 Schedule
Malta	The Republic of Malta. When used in a geographical sense, this means the island of Malta, the island of Gozo and the other islands of the Maltese archipelago including the territorial waters thereof, as well as any area of the sea-bed, its sub-soil and the superjacent water column adjacent to the territorial waters, wherein Malta exercises sovereign rights, jurisdiction, or control in accordance with international law and its national law, including its legislation relating to the exploration of the continental shelf and exploitation of its natural resources.		2

SCHEDULE 2

(Regulation 2(2))

MALTA**PART 1****DTA WITH MALTA****FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF
FISCAL EVASION WITH RESPECT TO TAXES ON INCOME**

The Government of Malta and the Government of Jersey, desiring to conclude an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, have agreed as follows:

Article 1

PERSONS COVERED

This Agreement shall apply to persons who are residents of one or both of the Parties.

Article 2

TAXES COVERED

1. This Agreement shall apply to taxes on income imposed on behalf of a Party or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.
2. There shall be regarded as taxes on income all taxes imposed on total income, or on elements of income, including taxes on gains from the alienation of movable or immovable property and taxes on the total amounts of wages or salaries paid by enterprises.
3. The existing taxes to which this Agreement shall apply are:
 - (a) in the case of Malta:
 - the income tax (hereinafter referred to as “Malta tax”); and
 - (b) in the case of Jersey:
 - income tax (hereinafter referred to as “Jersey tax”).
4. The Agreement shall apply also to any identical taxes or substantially similar taxes imposed after the date of the signature of this Agreement, in addition to, or in place of, the existing taxes. The competent authorities of

the Parties shall notify each other of any significant changes which 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 “Malta” means the Republic of Malta and, when used in a geographical sense, means the island of Malta, the island of Gozo and the other islands of the Maltese archipelago including the territorial waters thereof, as well as any area of the sea-bed, its sub-soil and the superjacent water column adjacent to the territorial waters, wherein Malta exercises sovereign rights, jurisdiction, or control in accordance with international law and its national law, including its legislation relating to the exploration of the continental shelf and exploitation of its natural resources;
 - (b) the term “Jersey” means the Bailiwick of Jersey and, when used in a geographical sense, means the island of Jersey, including its territorial sea, in accordance with international law;
 - (c) the terms “a Party” and “the other Party” mean Malta or Jersey, 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 terms “enterprise of a Party” and “enterprise of the other Party” mean respectively an enterprise carried on by a resident of a Party and an enterprise carried on by a resident of the other Party;
 - (g) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise of a Party, except when the ship or aircraft is operated solely between places in the other Party;
 - (h) the term “competent authority” means:
 - (i) in the case of Malta: the Minister responsible for finance or his authorised representative;
 - (ii) in the case of Jersey, the Minister for Treasury and Resources or his authorised representative.
 - (i) the term “national” or “citizen”, in relation to a Party, means, where applicable:
 - (i) any individual possessing the nationality or citizenship of a Party;
 - (ii) any legal person, partnership or association deriving its status as such from the laws in force in a Party.
2. As regards the application of the 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 the taxes to which the 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 any person who, under the laws of that Party, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature, and also includes that Party and any political subdivision or local authority thereof and any pension fund or pension scheme recognised by that Party. This term, however, does not include any person who is liable to tax in that Party in respect only of income from sources in that Party.
2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Parties, then his status shall be determined as follows:
 - (a) he shall be deemed to be a resident only of the Party in which he has a permanent home available to him; if he has a permanent home available to him in both Parties, he shall be deemed to be a resident only of the Party with which his personal and economic relations are closer (centre of vital interests);
 - (b) if the Party in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either Party, he shall be deemed to be a resident only of the Party in which he has an habitual abode;
 - (c) if he has an habitual abode in both Parties or in neither of them, he shall be deemed to be a resident only of the Party of which he is a national or citizen;
 - (d) if he is a national or citizen of both Parties or of neither of them, the competent authorities of the Parties shall settle the question by mutual agreement.
3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Parties, then it shall be deemed to be a resident only of the Party in which its place of effective management is situated.

Article 5

PERMANENT ESTABLISHMENT

1. For the purposes of this Agreement, the term “permanent establishment” means a fixed place of business through which the business of an enterprise is wholly or partly carried on.
2. The term “permanent establishment” includes especially:
 - (a) a place of management;

-
- (b) a branch;
 - (c) an office;
 - (d) a factory;
 - (e) a workshop; and
 - (f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.
3. A building site or construction or installation project constitutes a permanent establishment only if it lasts more than six months.
4. Notwithstanding the preceding provisions of this Article, the term “permanent establishment” shall be deemed not to include:
- (a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
 - (b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
 - (c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
 - (d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or of collecting information, for the enterprise;
 - (e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;
 - (f) the maintenance of a fixed place of business solely for any combination of activities mentioned in sub-paragraphs (a) to (e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.
5. Notwithstanding the provisions of paragraphs 1 and 2, where a person – other than an agent of an independent status to whom paragraph 6 applies – is acting on behalf of an enterprise and has, and habitually exercises, in a Party an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that Party in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.
6. An enterprise shall not be deemed to have a permanent establishment in a Party merely because it carries on business in that Party through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business.
7. The fact that a company which is a resident of a Party controls or is controlled by a company which is a resident of the other Party, or which carries on business in that other Party (whether through a permanent

establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

Article 6

INCOME FROM IMMOVABLE PROPERTY

1. Income derived by a resident of a Party from immovable property (including income from agriculture or forestry) situated in the other Party may be taxed in that other Party.
2. The term “immovable property” shall have the meaning which it has under the law of the Party in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships, boats and aircraft shall not be regarded as immovable property.
3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.
4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

Article 7

BUSINESS PROFITS

1. The profits of an enterprise of a Party shall be taxable only in that Party unless the enterprise carries on business in the other Party through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other Party but only so much of them as is attributable to that permanent establishment.
2. Subject to the provisions of paragraph 3, where an enterprise of a Party carries on business in the other Party through a permanent establishment situated therein, there shall in each Party be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.
3. In determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment including executive and general administrative expenses so incurred, whether in the Party in which the permanent establishment is situated or elsewhere.

4. Insofar as it has been customary in a Party to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Party from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this Article.
5. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.
6. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.
7. Where profits include items of income which are dealt with separately in other Articles of this Agreement, then the provisions of those Articles shall not be affected by the provisions of this Article.

Article 8

SHIPPING AND AIR TRANSPORT

1. Profits of an enterprise of a Party from the operation of ships or aircraft in international traffic shall be taxable only in that Party.
2. For the purposes of this Article, profits derived from the operation in international traffic of ships and aircraft include profits:
 - (a) derived from the rental on a bareboat basis of ships and aircraft if operated in international traffic; and
 - (b) derived from the use, maintenance or rental of containers (including trailers and related equipment for the transport of containers) used for the transport of goods or merchandise,where such rental profits or profits from such use, maintenance or rental, as the case may be, are incidental to the profits described in paragraph 1.
3. The provisions of paragraph 1 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

Article 9

ASSOCIATED ENTERPRISES

1. Where
 - (a) an enterprise of a Party participates directly or indirectly in the management, control or capital of an enterprise of the other Party, or
 - (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Party and an enterprise of the other Party,

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

2. Where a Party includes in the profits of an enterprise of that Party – and taxes accordingly – profits on which an enterprise of the other Party has been charged to tax in that other Party and the profits so included are profits which would have accrued to the enterprise of the first-mentioned Party if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other Party shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Agreement and the competent authorities of the Parties shall if necessary consult each other.

Article 10

DIVIDENDS

1. Dividends paid by a company which is a resident of a Party to a resident of the other Party who is the beneficial owner thereof, shall be taxable only in that other Party.
2. However, so long as Malta operates a full imputation system of taxation of company profits, where the dividends are paid by a company which is a resident of Malta to a resident of Jersey who is the beneficial owner thereof, Malta may also charge tax on the gross amount of the dividends, which tax shall not exceed that chargeable on the profits out of which the dividends are paid.
3. Paragraphs 1 and 2 shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.
4. The term “dividends” as used in this Article means income from shares, mining shares, founders’ shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the Party of which the company making the distribution is a resident.
5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Party, carries on business in the other Party of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other Party independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

6. Where a company which is a resident of a Party derives profits or income from the other Party, that other Party may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other Party or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other Party, nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other Party.

Article 11

INTEREST

1. Interest arising in a Party and beneficially owned by a resident of the other Party shall be taxable only in that other Party.
2. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.
3. The provisions of paragraph 1 shall not apply if the beneficial owner of the interest, being a resident of a Party, carries on business in the other Party in which the interest arises, through a permanent establishment situated therein, or performs in that other Party independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.
4. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Party, due regard being had to the other provisions of this Agreement.

Article 12

ROYALTIES

1. Royalties arising in a Party and beneficially owned by a resident of the other Party shall be taxable only in that other Party.
2. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any

copyright of literary, artistic or scientific work including cinematograph films, any patent, trade mark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience.

3. The provisions of paragraph 1 shall not apply if the beneficial owner of the royalties, being a resident of a Party, carries on business in the other Party in which the royalties arise, through a permanent establishment situated therein, or performs in that other Party independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.
4. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Party, due regard being had to the other provisions of this Agreement.

Article 13

CAPITAL GAINS

1. Gains derived by a resident of a Party from the alienation of immovable property referred to in Article 6 and situated in the other Party may be taxed in that other Party.
2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Party has in the other Party or of movable property pertaining to a fixed base available to a resident of a Party in the other Party for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other Party.
3. Gains derived by an enterprise of a Party from the alienation of ships or aircraft operated in international traffic, or from movable property pertaining to the operation of such ships or aircraft, shall be taxable only in that Party.
4. Gains derived by a resident of a Party from the alienation of shares deriving more than 50 percent of their value directly or indirectly from immovable property situated in the other Party may be taxed in that other Party.
5. Gains from the alienation of any property other than that referred to in paragraphs 1, 2, 3 and 4 shall be taxable only in the Party of which the alienator is a resident.

Article 14

INDEPENDENT PERSONAL SERVICES

1. Income derived by a resident of a Party in respect of professional services or other activities of an independent character shall be taxable only in that Party unless he has a fixed base regularly available to him in the other Party for the purpose of performing his activities. If he has such a fixed base, the income may be taxed in the other Party but only so much of it as is attributable to that fixed base.
2. The term “professional services” includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

Article 15

INCOME FROM EMPLOYMENT

1. Subject to the provisions of Articles 16, 18 and 19, salaries, wages and other similar remuneration derived by a resident of a Party in respect of an employment shall be taxable only in that Party unless the employment is exercised in the other Party. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other Party.
2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Party in respect of an employment exercised in the other Party shall be taxable only in the first-mentioned Party if:
 - (a) the recipient is present in the other Party for a period or periods not exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned, and
 - (b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other Party, and
 - (c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other Party.
3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Party may be taxed in that Party.

Article 16

DIRECTORS' FEES

Directors' fees and other similar payments derived by a resident of a Party in his capacity as a member of the board of directors of a company which is a resident of the other Party may be taxed in that other Party.

Article 17

ARTISTES AND SPORTSMEN

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Party as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsman, from his personal activities as such exercised in the other Party, may be taxed in that other Party.
2. Where income in respect of personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Party in which the activities of the entertainer or sportsman are exercised.
3. The provisions of paragraphs 1 and 2 shall not apply to income derived from activities exercised in a Party by an entertainer or a sportsman if the visit to that Party is wholly or mainly supported by public funds of one or both of the Parties or local authorities thereof. In such case, the income shall be taxable only in the Party of which the entertainer or a sportsman is a resident.

Article 18

PENSIONS AND SOCIAL SECURITY PAYMENTS

1. Subject to the provisions of paragraph 2 of Article 19, pensions and other similar remuneration paid to a resident of a Party in consideration of past employment shall be taxable only in that Party.
2. Notwithstanding the provisions of paragraph 1, payments made and pensions paid under the social security legislation of a Party shall be taxable only in that Party.

Article 19

GOVERNMENT SERVICE

1.
 - (a) Salaries, wages and other similar remuneration paid by a Party or a political subdivision or a local authority thereof to an individual in respect of services rendered to that Party or subdivision or authority shall be taxable only in that Party.
 - (b) However, such salaries, wages and other similar remuneration shall be taxable only in the other Party if the services are rendered in that Party and the individual is a resident of that Party who:
 - (i) is a national or citizen of that Party; or
 - (ii) did not become a resident of that Party solely for the purpose of rendering the services.

2.
 - (a) Notwithstanding the provisions of paragraph 1, pensions and other similar remuneration paid by, or out of funds created by, a Party or a political subdivision or a local authority thereof to an individual in respect of services rendered to that Party or subdivision or authority shall be taxable only in that Party.
 - (b) However, such pensions and similar remuneration shall be taxable only in the other Party if the individual is a resident of, and a national or citizen of, that Party.
3. The provisions of Articles 15, 16, 17 and 18 shall apply to salaries, wages, pensions and other similar remuneration in respect of services rendered in connection with a business carried on by a Party or a political subdivision or a local authority thereof.

Article 20

STUDENTS AND BUSINESS APPRENTICES

Payments which a student or business apprentice who is or was immediately before visiting a Party a resident of the other Party and who is present in the first-mentioned Party solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that Party, provided that such payments arise from sources outside that Party.

Article 21

OTHER INCOME

1. Items of income of a resident of a Party, wherever arising, not dealt with in the foregoing Articles of this Agreement shall be taxable only in that Party.
2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income, being a resident of a Party, carries on business in the other Party through a permanent establishment situated therein, or performs in that other Party independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or Article 14, as the case may be, shall apply.

Article 22

ELIMINATION OF DOUBLE TAXATION

1. In the case of Malta, double taxation shall be eliminated as follows:
Subject to the provisions of the law of Malta regarding the allowance of a credit against Malta tax in respect of foreign tax, where, in accordance

with the provisions of this Agreement, there is included in a Malta assessment income from sources within Jersey, the Jersey tax on such income shall be allowed as a credit against the relative Malta tax payable thereon.

2. In the case of Jersey, double taxation shall be eliminated as follows:

Subject to the provisions of the laws of Jersey regarding the allowance of a credit against Jersey tax in respect of foreign tax, where, in accordance with the provisions of this Agreement;

- a) When imposing tax on its residents Jersey may include in the basis upon which such taxes are imposed the items of income, which, according to the provisions of this Agreement, may be taxed in Malta.
- b) Where a resident of Jersey derives income which, in accordance with the provisions of this Agreement, may be taxed in Malta Jersey shall allow as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in Malta. Such deduction in either case 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 Malta.

Article 23

NON-DISCRIMINATION

1. Nationals or citizens of a Party shall not be subjected in the other Party to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals or citizens of that other Party in the same circumstances, in particular with respect to residence, are or may be subjected. This provision shall, notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the Parties.
2. The taxation on a permanent establishment which an enterprise of a Party has in the other Party shall not be less favourably levied in that other Party than the taxation levied on enterprises of that other Party carrying on the same activities. This provision shall not be construed as obliging a Party to grant to residents of the other Party any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.
3. Except where the provisions of paragraph 1 of Article 9, paragraph 4 of Article 11, or paragraph 4 of Article 12 apply, interest, royalties and other disbursements paid by an enterprise of a Party to a resident of the other Party shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned Party.
4. Enterprises of a Party, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Party, shall not be subjected in the first-mentioned Party to any taxation or any requirement connected therewith which is other or more

burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned Party are or may be subjected.

5. The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description.

Article 24

MUTUAL AGREEMENT PROCEDURE

1. Where a person 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 his case to the competent authority of the Party of which he is a resident or, if his case comes under paragraph 1 of Article 23, to that of the Party of which he is a national or citizen. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Agreement.
2. The competent authority shall endeavour, if the objection 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, with a view to the avoidance of taxation which is not in accordance with the Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Parties.
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 the Agreement. They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.
4. The competent authorities of the Parties may communicate with each other directly, including through a joint commission consisting of themselves or their representatives, for the purpose of reaching an agreement in the sense of the preceding paragraphs.

Article 25

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 or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Parties insofar as the taxation thereunder is not contrary to the Agreement. The exchange of information is not restricted by Articles 1 and 2.
2. Any information received under paragraph 1 by a Party shall be treated as confidential 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 referred to in paragraph 1, 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 (ordre public).
4. If information is requested by a Party in accordance with this Article, the other Party shall use its information gathering measures to obtain the requested information, even though that other Party may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a Party to decline to supply information solely because it has no domestic interest in such information.
5. In no case shall the provisions of paragraph 3 be construed to permit a Party to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.

Article 26

MEMBERS OF DIPLOMATIC MISSIONS AND CONSULAR POSTS

Nothing in this Agreement shall affect the fiscal privileges of members of diplomatic missions or consular posts under the general rules of international law or under the provisions of special agreements.

Article 27

ENTRY INTO FORCE

1. The Parties shall notify each other in writing that the legal requirements for the entry into force of this Agreement have been complied with.
2. This Agreement shall enter into force thirty days after the date of the later of the notifications referred to in paragraph 1 and its provisions shall have effect in respect of taxes on income derived during any taxable period or

accounting period, as the case may be, beginning on or after the first day of January immediately following the date on which the Agreement enters into force.

Article 28

TERMINATION

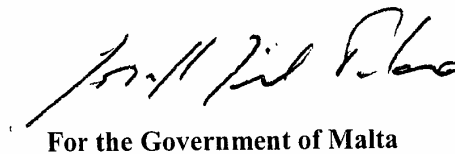
This Agreement shall remain in force until terminated by a Party. Either Party may terminate the Agreement by giving notice of termination at least six months before the end of any calendar year. In such event, the Agreement shall cease to have effect in respect of taxes on income derived during any taxable period or accounting period, as the case may be, beginning on or after the first day of January immediately following the date on which the notice of termination is given.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto by their respective Governments, have signed this Agreement.

DONE at *London* this *21st* day of *January*, 2010 in duplicate in the English language.



For the Government of Jersey



For the Government of Malta

PROTOCOL

At the moment of signing the Agreement between Malta and Jersey for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, the undersigned have agreed upon the following provisions which shall form an integral part of the Agreement.

It is understood that the provisions of the Agreement shall not prevent the application of the Agreement in the form of an exchange of letters signed on by Malta on 5th May, 2004 and by Jersey on 19th November, 2004 providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest paid.

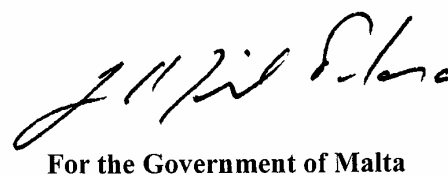
IN WITNESS WHEREOF the undersigned, being duly authorised thereto by their respective Governments, have signed this Protocol.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto by their respective Governments, have signed this Protocol.

DONE at *London* this *25th* day of *January*, 2010 in duplicate in the English language.



For the Government of Jersey



For the Government of Malta

PART 2**TAXATION MODIFICATIONS FOR PURPOSES OF DTA WITH MALTA****1 1961 Law modified**

Part 14 of the 1961 Law shall apply as if the DTA reproduced in Part 1 of this Schedule were an arrangement having effect under Article 111 of that Law.

¹ *chapter 17.850*
² *chapter 24.750*