

**UNITED STATES OF AMERICA
and
TRINIDAD AND TOBAGO**

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and the encouragement of international trade and investment. Signed at Port of Spain on 22 December 1966

Authentic text: English.

Continuation in effect of the above-mentioned Convention during 1968

The Agreement and certified statement were registered by the United States of America on 1 November 1969.

**ÉTATS-UNIS D'AMÉRIQUE
et
TRINITÉ-ET-TOBAGO**

Convention tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu et à favoriser les échanges commerciaux et investissements internationaux. Signée à Port of Spain le 22 décembre 1966

Texte authentique : anglais.

Maintien en vigueur de la Convention susmentionnée au cours de l'année 1968

L'Accord et la déclaration certifiée ont été enregistrés par les États-Unis d'Amérique le 1^{er} novembre 1969.

CONVENTION¹ BETWEEN THE GOVERNMENT OF THE UNITED STATES OF AMERICA AND THE GOVERNMENT OF TRINIDAD AND TOBAGO FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND THE ENCOURAGEMENT OF INTERNATIONAL TRADE AND INVESTMENT

The Government of the United States of America and the Government of Trinidad and Tobago,

Desiring to conclude a convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, and the encouragement of international trade and investment,

Have agreed as follows:

Article 1

TAXES COVERED

- (1) The taxes which are the subject of the present Convention are:
- (a) In the case of the United States, the Federal income tax, including surtax, imposed by the Internal Revenue Code.
- (b) In the case of Trinidad and Tobago, the corporation tax and the income tax.

(2) The present Convention shall also apply to taxes substantially similar to those covered by paragraph (1) of this Article which are subsequently imposed in addition to, or in place of, existing taxes.

Article 2

DEFINITIONS

- (1) In the present Convention, unless the context otherwise requires:
- (a) The term "United States" means the United States of America and, when used in a geographical sense, means the States thereof and the District of Columbia.

¹ Came into force on 19 December 1967 by the exchange of the instruments of ratification, which took place at Port of Spain, in accordance with article 5.

(b) The term "Trinidad and Tobago" means the country of Trinidad and Tobago and, when used in a geographical sense, means the Island of Trinidad, the Island of Tobago and their dependencies.

(c) The terms "one of the Contracting States" and "the other Contracting State" mean the United States or Trinidad and Tobago, as the context requires.

(d) The term "person" comprises an individual, a corporation and any other body of individuals or persons.

(e) The term "United States corporation" or "corporation of the United States" means a corporation, or an entity treated as a corporation for United States tax purposes, which is created or organized under the laws of the United States or any State thereof or the District of Columbia.

(f) The term "Trinidad and Tobago corporation" or "corporation of Trinidad and Tobago" means any corporation or any entity treated as a corporation for Trinidad and Tobago tax purposes, the business of which is managed and controlled in Trinidad and Tobago.

(g) The term "resident of one of the Contracting States" means an individual who is a resident of that Contracting State for purposes of the tax of that Contracting State and includes an individual acting as a partner or fiduciary to the extent that the income derived by such individual in that capacity is taxed as the income of a resident.

(h) The terms "resident or corporation of one of the Contracting States" and "resident or corporation of the other Contracting State" mean a resident or corporation of the United States or a resident or corporation of Trinidad and Tobago, as the context requires.

(2) As regards the application of the present Convention by a Contracting State, any term not expressly defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of the present Convention.

Article 3

DIVIDENDS

(1) The tax imposed by one of the Contracting States on dividends derived from sources within that Contracting State by a resident or corporation of the other Contracting State shall not exceed —

(a) 25 per cent of the gross amount distributed; or

(b) when the recipient is a corporation 5 per cent of the gross amount distributed if —

(i) during the part of the paying corporation's taxable year which precedes the date of payment of the dividend and during the whole of its prior

taxable year (if any), at least 10 per cent of the outstanding shares of the voting stock of the paying corporation was owned by the recipient corporation, and

- (ii) not more than 25 per cent of the gross income of the paying corporation for such prior taxable year (if any) consisted of interest and dividends (other than interest derived in the conduct of a banking, insurance or financing business, and dividends or interest received from subsidiary corporations having 50 per cent or more of the outstanding shares of the voting stock owned by the paying corporation at the time such dividends or interest were received).

(2) The provisions of paragraph (1) shall not apply if the recipient of the dividends is a resident or corporation of one of the Contracting States and has a permanent establishment in the other Contracting State.

(3) (a) The term "dividend" in the case of Trinidad and Tobago includes any item which under the law of Trinidad and Tobago is treated as a distribution.

(b) The term "dividend" in the case of the United States includes any item which under the law of the United States is treated as a distribution of earnings and profits.

(4) Dividends paid by a corporation of one of the Contracting States to a person other than a resident or corporation of the other Contracting State (and in the case of a dividend paid by a Trinidad and Tobago corporation, to a person other than a citizen of the United States) shall be exempt from tax by the other Contracting State.

(5) Notwithstanding the provisions of paragraphs (2) and (4) above, where a corporation of one of the Contracting States has a permanent establishment in the other Contracting State and derives profits or income from that permanent establishment, any remittances of such profits or income by that permanent establishment may be taxed in accordance with the law of such other Contracting State except that the provisions of subparagraph (1) (b) of this Article shall apply.

Article 4

CREDIT

(1) The United States, in determining United States tax in the case of its citizens, residents or corporations may, regardless of any other provision of this Convention, include in the basis upon which such tax is imposed all items of income taxable under the revenue laws of the United States as if this Convention had not come into effect. Subject to the provisions

of the law of the United States regarding the allowance as a credit against United States tax of tax payable in a territory outside the United States (which shall not affect the general principle hereof), the United States shall allow to a citizen, resident or corporation, as a credit against its taxes, the appropriate amount of Trinidad and Tobago income tax paid and, in the case of the United States corporation owning at least 10 per cent of the voting power of a corporation resident in Trinidad and Tobago, shall allow credit for the appropriate amount of Trinidad and Tobago tax paid by the corporation paying such dividend with respect to the profits out of which such dividend is paid, if the recipient of such dividend includes in its gross income for the purpose of United States tax the amount of such Trinidad and Tobago tax. For this purpose, the recipient of any dividend paid by a corporation which is resident in Trinidad and Tobago shall be considered to have paid to Trinidad and Tobago income tax legally deducted from such dividend payment by the person by or through whom payment thereof is made (to the extent that it is a tax chargeable in accordance with the present Convention), if such recipient elects to include in his gross income for purposes of United States tax the amount of such Trinidad and Tobago tax. The appropriate amount of Trinidad and Tobago tax which shall be allowed as a credit under this paragraph shall be based upon the amount of Trinidad and Tobago tax paid but shall not exceed that portion of United States tax which net income from sources within Trinidad and Tobago bears to the entire net income.

(2) Subject to the provisions of the law of Trinidad and Tobago regarding the allowance as a credit against Trinidad and Tobago tax of tax payable in a territory outside Trinidad and Tobago (which shall not affect the general principle hereof) —

- (a) the United States tax payable under the law of the United States and in accordance with the present Convention, whether directly or by deduction (excluding, in the case of a dividend, tax payable in respect of profits out of which the dividend is paid), shall be allowed as a credit against any Trinidad and Tobago tax ;
- (b) in the case of a dividend paid by a United States corporation to a Trinidad and Tobago corporation which controls directly or indirectly, at least 10 per cent of the voting power in the United States corporation, the credit shall take into account (in addition to any United States tax creditable under (a)) the United States tax payable by the United States corporation in respect of the profits out of which such dividend is paid ;

the amount of United States tax shall be allowed as a credit under this paragraph shall be based upon the amount of United States tax paid but shall not exceed that portion of Trinidad and Tobago tax which net income from sources within the United States bears to the entire net income.

Article 5

EFFECTIVE DATE

(1) The present Convention shall be ratified and the instruments of ratification exchanged at Port of Spain as soon as possible.

(2) The present Convention shall enter into force upon the exchange of instruments of ratification. The Contracting States agree, however, following the signing of this Convention, to take all such steps as are necessary to give effect to the provisions of this Convention so that such provisions shall commence with effect from January 1, 1966.

(3) The present Convention shall terminate on December 31, 1967. However, if both of the Contracting States agree on or before December 31 of any taxable year by notes exchanged through diplomatic channels to continue this Convention in effect for the following year, the present Convention shall continue to be effective during such following year.

IN WITNESS WHEREOF the undersigned, duly authorized by their respective Governments, have signed the present Convention.

DONE in duplicate at Port of Spain this 22nd day of December, 1966.

For the Government of the United States of America:

Robert G. MINER

Ambassador Extraordinary and Plenipotentiary

[SEAL]

For the Government of Trinidad and Tobago:

Arthur N. R. ROBINSON

Minister of Finance

[SEAL]

CONTINUATION IN EFFECT OF THE ABOVE-MENTIONED CONVENTION OF
22 DECEMBER 1966 DURING 1968

Decided by an Agreement concluded by an exchange of letters dated at Port of Spain on 19 December 1967, which came into force on that date by the exchange of the said letters.

Certified statement was registered by the United States of America on 1 November 1969.