

No. 14464

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
MALTA**

Agreement amending the Arrangement between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Malta for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (with annexed Arrangement of 28 March 1962). Signed at Valletta on 29 November 1974

Authentic text: English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 17 December 1975.

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
MALTE**

Accord modifiant l'Arrangement entre le Gouvernement du Royaume-Uni de Grande-Bretagne et d'Irlande du Nord et le Gouvernement de Malte tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu (avec, en annexe, ledit Arrangement du 28 mars 1962). Signé à La Valette le 29 novembre 1974

Texte authentique: anglais.

Enregistré par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 17 décembre 1975.

AGREEMENT¹ AMENDING THE ARRANGEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF MALTA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Malta;

Desiring to amend the Arrangement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income between the two countries published in the United Kingdom in Statutory Instrument No. 639 of 1962 and in Malta as Legal Notice No. 83 of 1961 (hereinafter referred to as “the Arrangement”);

Have agreed as follows:

Article 1. Paragraph 1 (1) (a) of the Arrangement shall be deleted and replaced by the following:

“(a) In the United Kingdom (and hereinafter referred to as “United Kingdom tax”): the income tax and the corporation tax.”

Article 2. The Arrangement shall be amended:

(1) By the deletion of paragraph 2 (1) (a) and its replacement by the following:

“2 (1) (a) The term “United Kingdom” means Great Britain and Northern Ireland, including any area outside the territorial sea of the United Kingdom which in accordance with international 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.”

(2) By the deletion of paragraph 2 (1) (b) and its replacement by the following:

“2 (1) (b) The term “Malta” means the Island of Malta, the Island of Gozo, and the other islands of the Maltese archipelago, including the territorial waters thereof, and any area outside the territorial sea of Malta which, in accordance with international law, has been or may hereafter be designated, under the laws of Malta concerning the Continental Shelf, as an area within which the rights of Malta with respect to the sea-bed and sub-soil and their natural resources may be exercised.”

(3) By the deletion of paragraph 2 (2) and its replacement by the following:

“2 (2) Where under this Arrangement any income is exempt from tax or is taxed at a reduced rate in one of the territories and that income is subject to tax in the other territory by reference to the amount thereof which is remitted

¹ Came into force on 18 March 1975, when the last of all such things had been done in the United Kingdom and Malta as were necessary to give it the force of law, in accordance with article 7 (1).

to or received in that other territory, the exemption or reduction of tax to be allowed under this Arrangement in the first-mentioned territory shall apply only to the amount so remitted or received.”

Article 3. Paragraph 6 of the Arrangement shall be deleted and replaced by the following:

“6 (1)(a) Dividends paid by a company which is a resident of the United Kingdom to a resident of Malta may be taxed in Malta.

“(b) Where a resident of Malta is entitled to a tax credit in respect of such a dividend under sub-paragraph (2) of this paragraph, tax may also be charged in the United Kingdom, and according to the laws of the United Kingdom, on the aggregate of the amount or value of that dividend and the amount of that tax credit at a rate not exceeding 15 per cent.

“(c) Except as aforesaid, dividends paid by a company which is a resident of the United Kingdom and which are beneficially owned by a resident of Malta shall be exempt from any tax in the United Kingdom which is chargeable on dividends.

“(2) A resident of Malta who receives dividends from a company which is a resident of the United Kingdom shall, subject to the provisions of sub-paragraph (3) of this paragraph and provided he is the beneficial owner of the dividends, be entitled to the tax credit in respect thereof to which an individual resident in the United Kingdom would have been entitled had he received those dividends, and to the payment of any excess of that tax credit over his liability to United Kingdom tax.

“(3) Sub-paragraph (2) of this paragraph shall not apply where the recipient of the dividend is a company which, either alone or together with one or more associated companies, controls directly or indirectly at least 10 per cent of the voting power in the company paying the dividend. For the purposes of this sub-paragraph two companies shall be deemed to be associated if one is controlled directly or indirectly by the other or both are controlled directly or indirectly by a third company.

“(4)(a) Dividends paid by a company which is a resident of Malta to a resident of the United Kingdom may, subject to the provisions of paragraph 13 (1) hereof, be taxed in the United Kingdom.

“(b) Such dividends may also be charged to tax in Malta according to the law of Malta:

“Provided that:

“(i) where such dividends are paid by a company which is a resident of Malta to a resident of the United Kingdom who is the beneficial owner of the dividends they shall be exempt from any tax in Malta which is chargeable on dividends in excess of the tax chargeable in respect of the profits or income of the company, and

“(ii) if the recipient submits returns and accounts to the taxation authorities of Malta in respect of his income liable to Malta tax for the relative year of assessment the tax chargeable as aforesaid shall be reduced to take account of the provisions of subsection (5) of section (6) of the Aids to Industries Ordinance, 1959, or any reduction of the tax payable by the company distributing the

dividends as a consequence of the grant to the company of an investment allowance, under section 6,A, of the Ordinance, in respect of the year in which the profits so distributed were earned by the company.

“(5) The term “dividends” as used in this paragraph means income from shares, or any other item which, under the law of the territory of which the company paying the dividend is a resident, is treated as a dividend or distribution of the company.

“(6) Relief under this paragraph from the tax of one of the territories shall be subject to the same limitations as are imposed in respect of relief or exemption from tax under the law of that territory by any provisions enacted in order to maintain the proper incidence of liability to tax and to prevent the obtaining of undue tax advantages.

“(7) The provisions of sub-paragraphs (1) and (2) or, as the case may be, sub-paragraph (4) of this paragraph shall not apply where a resident of one of the territories has in the other territory a permanent establishment, and the holding by virtue of which the dividends are paid is effectively connected with a business carried on through that permanent establishment. In such a case the provisions of paragraph 3 shall apply.

“(8) Where a company which is a resident of one of the territories derives profits or income from sources within the other territory, the Government of that other territory shall not impose any form of taxation on dividends paid by the company to persons not resident in that other territory, or any tax in the nature of an undistributed profits tax on undistributed profits of the company, by reason of the fact that those dividends or undistributed profits represent, in whole or in part, profits or income so derived.”

Article 4. The Arrangement shall be amended:

(1) By the substitution in paragraph 8 (1) for the words “including pensions” of the words “other than pensions” and by the deletion of the words “(where the remuneration is not a pension)”.

(2) By the deletion in paragraph 10 (1) of the words “(other than a pension paid by the Government of Malta for services rendered to it in the discharge of governmental functions)”, and similarly by the deletion in paragraph 10 (2) of the words “(other than a pension paid by the Government of the United Kingdom for services rendered to it in the discharge of governmental functions)”.

Article 5. The Arrangement shall be amended:

(1) By the substitution for sub-paragraphs (1) and (2) of paragraph 13 of the following three new sub-paragraphs:

“(1) Subject to the provisions of the law of the United Kingdom regarding the allowance as a credit against United Kingdom tax of tax payable in a territory outside the United Kingdom (which shall not affect the general principle hereof):

“(a) Malta tax payable under the laws of Malta and in accordance with this Arrangement, whether directly or by deduction, on profits or income from sources within Malta (excluding, in the case of a dividend, tax payable in respect of the profits out of which the dividend is paid) shall be allowed as a credit against any United Kingdom tax computed by reference to the same profits or income by reference to which the Malta tax is computed.

“(b) Where a company which is a resident of Malta pays a dividend to a company resident in the United Kingdom which controls directly or indirectly at least 10 per cent of the voting power in the first-mentioned company, the credit shall take into account (in addition to any Malta tax for which credit may be allowed under (a) of this sub-paragraph) the Malta tax payable by that first-mentioned company in respect of the profits out of which such dividend is paid.

“(2) For the purposes of sub-paragraph (1), ‘Malta tax payable’ shall be deemed to include any amount which would have been payable as Malta tax for any year but for an exemption or reduction of tax granted for that year or any part thereof under:

“(a) section 6 (or, by way of investment allowance, Section 6.(A) of the Aids to Industries Ordinance, 1959, so far as those provisions were in force on, and have not been modified since, the date when this Arrangement came into force, or have been modified only in minor respects so as not to affect their general character;

“(b) any other provision granting exemption or reduction of tax which is agreed by the taxation authorities of the Contracting Governments to be of a substantially similar character, if it has not been modified thereafter or has been modified only in minor respects so as not to affect its general character.

“Where dividends are paid or distributed by a company which is a resident of Malta out of its gains or profits earned in any year in respect of which the company is in receipt of any such exemption or reduction of tax, ‘Malta tax payable’ in respect of such dividends shall be deemed to be equal to the rate of tax which would otherwise be chargeable under the law of Malta on that company.

“(3) Subject to the provisions of the law of Malta regarding the allowance as a credit against Malta tax of tax payable in a territory outside Malta (which shall not affect the general principle hereof):

“(a) United Kingdom tax payable under the laws of the United Kingdom and in accordance with this Arrangement, whether directly or by deduction, on profits or income from sources within the United Kingdom (excluding, in the case of a dividend, tax payable in respect of the profits out of which the dividend is paid) shall be allowed as a credit against any Malta tax computed by reference to the same profits or income by reference to which the United Kingdom tax is computed.

“(b) Where a company which is a resident of the United Kingdom pays a dividend to a company resident in Malta which controls directly or indirectly at least 10 per cent of the voting power in the first-mentioned company, the credit shall take into account (in addition to any United Kingdom tax for which credit may be allowed under (a) of this sub-paragraph) the United Kingdom tax payable by that first-mentioned company in respect of the profits out of which such dividend is paid.”

(2) By renumbering sub-paragraph (3) of paragraph 13 as sub-paragraph (4).

Article 6. Paragraph 16 (a) of the Arrangement shall be deleted and replaced by the following:

“(a) In the United Kingdom:

- (i) as respects income tax, for any year of assessment beginning on or after 6 April in the calendar year next following that in which the notice is given; and
- (ii) as respects corporation tax, for any financial year beginning on or after 1 April in the calendar year next following that in which the notice is given;”.

Article 7. (1) This Agreement shall enter into force when the last of all such things shall have been done in the United Kingdom and Malta as are necessary to give the Agreement the force of law in the United Kingdom and Malta respectively, and shall thereupon have effect:

- (a) in relation to United Kingdom income tax, for any year of assessment beginning on or after 6 April 1973;
- (b) in relation to United Kingdom corporation tax, for any financial year beginning on or after 1 April 1973; and
- (c) in relation to Malta tax for any year of assessment beginning on or after 1 January 1973.

(2) Notwithstanding paragraph (1) of this Article, where any greater relief from tax would have been afforded by any provision of the Arrangement than is due under the Arrangement as amended by this Agreement, any such provision as aforesaid shall continue to have effect in the United Kingdom for any year of assessment or financial year beginning before the entry into force of this Agreement, and in Malta for any year of assessment beginning before the entry into force of this Agreement.

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

DONE in duplicate at Valletta this twenty-ninth day of November 1974.

For the Government
of the United Kingdom of Great Britain
and Northern Ireland:
ROBIN HAYDON

For the Government
of Malta:
J. ABELA

ARRANGEMENT¹ BETWEEN HER MAJESTY'S GOVERNMENT AND
THE GOVERNMENT OF MALTA FOR THE AVOIDANCE OF
DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION
WITH RESPECT TO TAXES ON INCOME

1.(1) The taxes which are the subject of this Arrangement are:

- (a) In the United Kingdom (and hereinafter referred to as “United Kingdom tax”): the income tax (including surtax) and the profits tax.
- (b) In the Island of Malta (and hereinafter referred to as “Malta tax”): the income tax (including surtax).

¹ This Arrangement, which is reproduced herein for information, was made effective by a United Kingdom Order-in-Council dated 28 March 1962 (see *Statutory Instruments 1962*, No. 639).

(2) This Arrangement shall also apply to any other taxes of a substantially similar character imposed in the United Kingdom or Malta after this Arrangement has come into force.

2.(1) In this Arrangement, unless the context otherwise requires:

(a) The term “United Kingdom” means Great Britain and Northern Ireland.

(b) The term “Malta” means the Island of Malta and its Dependencies.

(c) The terms “one of the territories” and “the other territory” mean the United Kingdom or Malta, as the context requires.

(d) The term “tax” means United Kingdom tax or Malta tax, as the context requires.

(e) The term “person” includes any body of persons, corporate or not corporate.

(f) The term “company” includes any body corporate.

(g) The term “resident of the United Kingdom” means:

(i) any company whose business is managed and controlled in the United Kingdom;

(ii) any other person who is resident in the United Kingdom for the purposes of United Kingdom tax and not resident in Malta for the purposes of Malta tax.

(h) The term “resident of Malta” means:

(i) any company whose business is managed and controlled in Malta;

(ii) any other person who is resident in Malta for the purposes of Malta tax and not resident in the United Kingdom for the purposes of United Kingdom tax.

(i) The terms “resident of one of the territories” and “resident of the other territory” mean a person who is a resident of the United Kingdom or a person who is a resident of Malta, as the context requires.

(j) The terms “United Kingdom enterprise” and “Malta enterprise” mean respectively an industrial or commercial enterprise or undertaking carried on by a resident of the United Kingdom and an industrial or commercial enterprise or undertaking carried on by a resident of Malta; and the terms “enterprise of one of the territories” and “enterprise of the other territory” mean a United Kingdom enterprise or a Malta enterprise, as the context requires.

(k) The term “industrial or commercial profits” includes rentals in respect of cinematograph films.

(l) (i) The term “permanent establishment” means a fixed place of business in which the business of the enterprise is wholly or partly carried on.

(ii) A permanent establishment shall include especially:

(aa) a place of management;

(bb) a branch;

(cc) an office;

(dd) a factory;

(ee) a workshop;

(ff) a mine, quarry or other place of extraction of natural resources;

(gg) a building site or construction or assembly project which exists for more than twelve months.

- (iii) The term “permanent establishment” shall not be deemed to include:
- (aa) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
 - (bb) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
 - (cc) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
 - (dd) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise;
 - (ee) the maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character, for the enterprise.

(iv) A person acting in one of the territories on behalf of an enterprise of the other territory—other than an agent of an independent status to whom sub-paragraph (1) (l) (v) applies—shall be deemed to be a permanent establishment in the first-mentioned territory if he has, and habitually exercises in that territory, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise.

(v) An enterprise of one of the territories shall not be deemed to have a permanent establishment in the other territory merely because it carries on business in that other territory through a broker, general commission agent or any other agent of an independent status, where such persons are acting in the ordinary course of their business.

(vi) The fact that a company which is a resident of one of the territories controls or is controlled by a company which is a resident of the other territory, or which carries on business in that other territory (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

(2) Where this Arrangement provides that income from a source in one of the territories shall be exempt from tax in that territory if (with or without other conditions) it is subject to tax in the other territory, and under the law in force in that other territory the said income is subject to tax by reference to the amount thereof which is remitted to or received in that other territory and not by reference to the full amount thereof, then the exemption to be allowed under this Arrangement in the first-mentioned territory shall apply only to so much of the income as is remitted to or received in the other territory.

(3) In the application of the provisions of this Arrangement by the United Kingdom or Malta, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of the United Kingdom, or, as the case may be, Malta, relating to the taxes which are the subject of this Arrangement.

3.(1) The industrial or commercial profits of a United Kingdom enterprise shall not be subject to Malta tax unless the enterprise is engaged in trade or business in Malta through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by Malta but only on so much of them as is attributable to that permanent establishment: provided that nothing in

this paragraph shall affect any provisions of the law of Malta regarding the taxation of income from the business of insurance.

(2) The industrial or commercial profits of a Malta enterprise shall not be subject to United Kingdom tax unless the enterprise is engaged in trade or business in the United Kingdom through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by the United Kingdom, but only on so much of them as is attributable to that permanent establishment: provided that nothing in this paragraph shall affect any provisions of the law of the United Kingdom regarding the taxation of income from the business of insurance.

(3) Where an enterprise of one of the territories is engaged in trade or business in the other territory through a permanent establishment situated therein, there shall be attributed to that permanent establishment the industrial or commercial profits which it might be expected to derive from its activities in that other territory if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing at arm's length with the enterprise of which it is a permanent establishment.

(4) No portion of any profits arising to an enterprise of one of the territories shall be attributed to a permanent establishment situated in the other territory by reason of the mere purchase of goods or merchandise within that other territory by the enterprise.

4. Where:

- (a) an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory; or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the territories and an enterprise of the other territory;

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.

5. Notwithstanding the provisions of paragraphs 3 and 4, profits which a resident of one of the territories derives from operating ships or aircraft shall be exempt from tax in the other territory.

6.(1) Dividends paid by a company resident in one of the territories to a resident of the other territory who is subject to tax in that other territory in respect thereof and does not carry on a trade or business in the first-mentioned territory through a permanent establishment situated therein shall be exempt from any tax in that first-mentioned territory which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company.

(2) Where a company which is a resident of one of the territories derives profits or income from sources within the other territory, there shall not be imposed in that other territory any form of taxation on dividends paid by the company to persons not resident in that other territory, or any tax in the nature of an undistributed profits tax on undistributed profits of the company, whether or not those dividends or undistributed profits represent, in whole or in part, profits or income so derived.

7.(1) Any royalty derived from sources within one of the territories by a resident of the other territory, who is subject to tax in that other territory in respect thereof and does not carry on a trade or business in the first-mentioned territory through a permanent establishment situated therein, shall be exempt from tax in that first-mentioned territory; but no exemption shall be allowed under this paragraph in respect of so much of any royalty as exceeds an amount which represents a fair and reasonable consideration for the rights for which the royalty is paid.

(2) In this paragraph the term “royalty” means any royalty or other amount paid as consideration for the use of, or for the privilege of using, any copyright, patent, design, secret process or formula, trade-mark, or other like property, but does not include a royalty or other amount paid in respect of the operation of a mine or quarry or of any other extraction of natural resources.

(3) Any capital sum derived from sources within one of the territories from the sale of patent rights by a resident of the other territory who does not carry on a trade or business in the first-mentioned territory through a permanent establishment situated therein shall be exempt from tax in that first-mentioned territory.

8.(1) Remuneration, including pensions, paid by the Government of one of the territories to any individual for services rendered to that Government in the discharge of governmental functions shall be exempt from tax in the other territory if the individual is not ordinarily resident in that other territory or (where the remuneration is not a pension) is ordinarily resident in that other territory solely for the purpose of rendering those services.

(2) The provisions of this paragraph shall not apply to payments in respect of services rendered in connection with any trade or business carried on by either of the Governments for purposes of profit.

9.(1) Any individual who is a resident of the United Kingdom shall be exempt from Malta tax on profits or remuneration in respect of personal (including professional) services performed within Malta in any year of assessment if:

- (a) he is present within Malta for a period or periods not exceeding in the aggregate 183 days during that year; and
- (b) the services are performed for or on behalf of a person resident in the United Kingdom; and
- (c) the profits or remuneration are subject to United Kingdom tax.

(2) An individual who is a resident of Malta shall be exempt from United Kingdom tax on profits or remuneration in respect of personal (including professional) services performed within the United Kingdom in any year of assessment if:

- (a) he is present within the United Kingdom for a period or periods not exceeding in the aggregate 183 days during that year; and
- (b) the services are performed for or on behalf of a person resident in Malta; and
- (c) the profits or remuneration are subject to Malta tax.

(3) The provisions of this paragraph shall not apply to the profits or remuneration of public entertainers such as stage, motion picture, radio or television artists, musicians and athletes.

10.(1) Any pension (other than a pension paid by the Government of Malta for services rendered to it in the discharge of governmental functions) and any annuity, derived from sources within Malta by an individual who is a resident of the United Kingdom and subject to United Kingdom tax in respect thereof, shall be exempt from Malta tax.

(2) Any pension (other than a pension paid by the Government of the United Kingdom for services rendered to it in the discharge of governmental functions) and any annuity, derived from sources within the United Kingdom by an individual who is a resident of Malta and subject to Malta tax in respect thereof, shall be exempt from United Kingdom tax.

(3) The term “annuity” means a stated sum payable periodically at stated times, during life or during a specified or ascertainable period of time, under an obligation to make the payments in return for adequate and full consideration in money or money’s worth.

11. A professor or teacher from one of the territories, who receives remuneration for teaching, during a period of temporary residence not exceeding two years, at a university, college, school or other educational institution in the other territory, shall be exempt from tax in that other territory in respect of that remuneration.

12. A student or business apprentice from one of the territories who is receiving full-time education or training in the other territory shall be exempt from tax in that other territory on payments made to him by persons in the first-mentioned territory for the purposes of his maintenance, education or training.

13.(1) Subject to the provisions of the law of the United Kingdom regarding the allowance as a credit against United Kingdom tax of tax payable in a territory outside the United Kingdom, Malta tax payable, whether directly or by deduction, in respect of income from sources within Malta shall be allowed as a credit against any United Kingdom tax payable in respect of that income. For the purposes of this sub-paragraph “Malta tax payable” shall be deemed to include any amount which would have been payable as Malta tax for any year but for an exemption granted for that year or any part thereof under the provisions of Part IV of the Aids to Industries Emergency Ordinance, 1959, so far as those provisions were in force on, and have not been modified since, the date when this Arrangement came into force, or have been modified only in minor respects so as not to affect their general character.

(2) Subject to the provisions of the law of Malta regarding the allowance as a credit against Malta tax of tax payable in a territory outside Malta, United Kingdom tax payable, whether directly or by deduction, in respect of income from sources within the United Kingdom shall be allowed as a credit against any Malta tax payable in respect of that income. Where such income is an ordinary dividend paid by a company resident in the United Kingdom, the credit shall take into account (in addition to any United Kingdom income tax appropriate to the dividend) the United Kingdom profits tax payable by the company in respect of its profits, and where it is a dividend paid on participating preference shares and representing both a dividend at the fixed rate to which the shares are entitled and an additional participation in profits, the profits tax so payable by the company shall likewise be taken into account in so far as the dividend exceeds that fixed rate.

(3) For the purposes of this paragraph profits or remuneration for personal (including professional) services performed in one of the territories shall be deemed to be income from sources within that territory, and the services of an individual whose services are wholly or mainly performed in ships or aircraft operated by a resident of one of the territories shall be deemed to be performed in that territory.

14.(1) The taxation authorities of the United Kingdom and Malta shall exchange such information (being information available under their respective taxation laws) as is necessary for carrying out the provisions of this Arrangement or for the prevention of fraud or the administration of statutory provisions against legal avoidance in relation to the taxes which are the subject of this Arrangement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than those concerned with the assessment and collection of the taxes which are the subject of this Arrangement. No information shall be exchanged which would disclose any trade secret or trade process.

(2) As used in this paragraph, the term "taxation authorities" means the Commissioners of Inland Revenue or their authorised representative in the case of the United Kingdom and the Commissioner of Inland Revenue or his authorised representative in the case of Malta.

15. This Arrangement shall come into force on the date on which the last of all such things shall have been done in the United Kingdom and Malta as are necessary to give the Arrangement the force of law in the United Kingdom and Malta respectively, and shall thereupon have effect:

(a) in the United Kingdom:

- as respects income tax (including surtax) for any year of assessment beginning on or after the 6th April, 1962;
- as respects profits tax in respect of the following profits:
 - (i) profits by reference to which income tax is, or but for the present Arrangement would be, chargeable for any year of assessment beginning on or after the 6th April, 1962;
 - (ii) other profits being profits by reference to which income tax is not chargeable, but which arise in any chargeable accounting period beginning on or after the 1st April, 1962, or are attributable to so much of any chargeable accounting period falling partly before and partly after that date as falls after that date:

(b) in Malta:

- as respects income tax (including surtax) for the year of assessment beginning on the first of January, 1962, and subsequent years.

16. This Arrangement shall continue in effect indefinitely but either of the Governments may, on or before the 30th June in any calendar year after the year 1964, give notice of termination to the other Government and, in such event, this Arrangement shall cease to be effective:

(a) in the United Kingdom:

- as respects income tax (including surtax) for any year of assessment beginning on or after the 6th April in the calendar year next following that in which the notice is given;
- as respects profits tax in respect of the following profits:

- (i) profits by reference to which income tax is chargeable for any year of assessment beginning on or after the 6th April in the calendar year next following that in which the notice is given;
 - (ii) other profits being profits by reference to which income tax is not chargeable, but which arise in any chargeable accounting period beginning on or after the 1st April in the next following calendar year or are attributable to so much of any chargeable accounting period falling partly before and partly after that date as falls after that date;
- (b) in Malta:
- as respects income tax (including surtax) for any year of assessment beginning on or after the first day of January in the calendar year next following that in which such notice is given.
-