

SP4/01 Double taxation relief: Status of the UK's double taxation conventions with the former USSR and with newly independent states.

Introduction

1. This statement of practice replaces and supersedes SP 3/92, which made public the UK's understanding at that time of the status, in relation to those former Soviet Republics that had been recognised by the United Kingdom as independent sovereign states, of the UK/USSR Double Taxation Convention. ("The Convention between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Union of Soviet Socialist Republics for the Avoidance of Double Taxation with respect to Taxes on Income and Capital Gains.")

What SP3/92 said

2. SP3/92 confirmed that the UK/USSR convention continued in force for Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russian Federation, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan. It also stated that the position in relation to the Baltic States (Estonia, Lithuania and Latvia) was unknown.

Developments since

3. The UK has subsequently concluded new, separate, double taxation conventions with Azerbaijan, Belarus¹, Estonia, Kazakhstan, Latvia, Lithuania², Russian Federation, Ukraine and Uzbekistan. Negotiations for a new double taxation convention are also taking place with Georgia.
4. Details of the new conventions are provided later in this statement. Copies may be obtained from the Stationery Office, London (tel. 0870 600 5522).
5. We now know that the Baltic states have never considered themselves bound by the terms of the UK/USSR convention. It has also been established that, contrary to the previous understanding, **Armenia, Georgia, Kyrgyzstan, and Moldova** do not consider themselves bound by the UK/USSR convention.

¹ Not yet in force

² Not yet in force

Announcement

6. In these circumstances, the UK will not apply the terms of the UK/USSR double taxation convention in the case of residents of **Armenia, Georgia, Kyrgyzstan, Lithuania, and Moldova**:
 - for profits arising on or after 1 April 2002, in the case of corporation tax
 - for income and gains arising on or after 6 April 2002, in the case of income tax and capital gains tax.
7. The UK will continue to apply the terms of the UK/USSR double taxation convention in the case of residents of Armenia, Georgia, Kyrgyzstan, Lithuania and Moldova in respect of profits arising before 1 April 2002 and income and gains arising before 6 April 2002.
8. The position in relation to each of the former Soviet republics is summarised fully below.

Country	Position
Armenia	Armenia has indicated that it is not operating the UK/USSR Double Taxation Convention (DTC) in relation to residents of the UK. The UK will cease to operate the UK/USSR DTC in relation to residents of Armenia, in accordance with paragraph 6 of this statement.
Azerbaijan	A new DTC is in force. See the “Double Taxation Relief (Taxes on Income) Azerbaijan Order 1995” No 762.
Belarus	Pending the entry into force of the new UK / Belarus DTC – the “Double Taxation Relief (Taxes on Income) (Belarus) Order 1995” No 2706 - both Belarus and the UK will continue to operate the UK/USSR DTC in respect of their residents.
Estonia	A new DTC is in force. See the “Double Taxation Relief (Taxes on Income) Estonia Order 1994” No 3207.

Georgia	<p>Georgia has indicated that it is not operating the UK/USSR DTC in relation to residents of the UK.</p> <p>The UK will cease to operate the UK/USSR DTC in relation to residents of Georgia, in accordance with paragraph 6 of this statement.</p> <p>A new DTC is under negotiation.</p>
Kazakhstan	<p>A new DTC is in force. See the “Double Taxation Relief (Taxes on Income) Kazakhstan Order 1994” No 3211 and the “Double Taxation Relief (Taxes on Income) Kazakhstan Order 1998” No 2567 (Protocol).</p>
Kyrgyzstan	<p>Kyrgyzstan has indicated that it is not operating the UK/USSR DTC in relation to residents of the UK.</p> <p>The UK will cease to operate the UK/USSR DTC in relation to residents of Kyrgyzstan, in accordance with paragraph 6 of this statement.</p>
Latvia	<p>A new DTC is in force. See the “Double Taxation Relief (Taxes on Income) Latvia Order 1996” No 3167.</p>
Lithuania	<p>Lithuania has indicated that it is not operating the UK/USSR DTC in relation to residents of the UK.</p> <p>The UK will cease to operate the UK/USSR DTC in relation to residents of Lithuania, in accordance with paragraph 5 of this statement.</p> <p>A new DTC with Lithuania has completed its parliamentary procedures in the UK. Confirmation is awaited that parliamentary procedures have been completed in Lithuania.</p>
Moldova	<p>Moldova has indicated that it is not operating the UK/USSR DTC in relation to residents of the UK.</p>

	The UK will cease to operate the UK/USSR DTC in relation to residents of Moldova, in accordance with paragraph 6 of this statement.
Russian Federation	A new DTC is in force. See the “Double Taxation Relief (Taxes on Income) Russian Federation Order 1994” No 3213.
Tajikistan	Both Tajikistan and the UK will continue to operate the UK/USSR DTC in respect of their residents.
Turkmenistan	Both Turkmenistan and the UK will continue to operate the UK/USSR DTC in respect of their residents.
Ukraine	A new DTC is in force. See the “Double Taxation Relief (Taxes on Income) Ukraine Order 1993” No 1803.
Uzbekistan	A new DTC is in force. See the “Double Taxation Relief (Taxes on Income) Uzbekistan Order 1994” No 770.