

INCOME TAX ACT  
(CHAPTER 134, SECTION 49)

INCOME TAX (SINGAPORE — DENMARK)  
(AVOIDANCE OF DOUBLE TAXATION CONVENTION)  
(SUPPLEMENTARY) ORDER 1994

ARRANGEMENT OF PARAGRAPHS  
The Schedule

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[30th December 1994]

WHEREAS it is provided by section 49 of the Income Tax Act that if the Minister by order declares that arrangements specified in the order have been made with the Government of any country outside Singapore with a view to affording relief from double taxation in relation to tax under the Act and any tax of a similar character imposed by the laws of that country, and that it is expedient that those arrangements should have effect, the arrangements shall have effect in relation to tax under the Act notwithstanding anything in any written law:

AND WHEREAS by a Convention dated 3rd February 1986 between the Government of the Republic of Singapore and the Government of the Kingdom of Denmark, arrangements were made amongst other things for the avoidance of double taxation:

AND WHEREAS by a Protocol dated 17th May 1994, between the Government of the Republic of Singapore and the Government of the Kingdom of Denmark, the arrangements set out in the said Convention were modified as prescribed in the said Protocol:

NOW, THEREFORE, it is hereby declared by the Minister for Finance —

- (a) that the arrangements as modified by the said Protocol specified in the Schedule have been made with the Government of the Kingdom of Denmark; and

- (b) that it is expedient that those arrangements should have effect notwithstanding anything in any written law.

## THE SCHEDULE

### PROTOCOL AMENDING THE CONVENTION BETWEEN THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE AND THE GOVERNMENT OF THE KINGDOM OF DENMARK FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME, WITH PROTOCOL

The Government of the Republic of Singapore and the Government of the Kingdom of Denmark,

Desiring to amend the Convention between the Government of the Republic of Singapore and the Government of the Kingdom of Denmark for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, with Protocol, signed at Singapore on 3 February 1986 (in this Protocol referred to as “the Convention”),

Have agreed as follows:

#### ARTICLE I

Article 2 of the Convention is amended by deleting sub-paragraph 3(b) and substituting:

“(b) in Denmark:

- (i) the income tax to the State (indkomstskatten til staten);
  - (ii) the municipal income tax (den kommunale indkomstskat);
  - (iii) the income tax to the county municipalities (den amtskommunale indkomstskat);
  - (iv) the special income tax (den saerlige indkomstskat);
  - (v) the church tax (kirkeskatten);
  - (vi) the tax on dividends (udbytteskatten);
  - (vii) the tax on interest (renteskatten);
  - (viii) the tax on royalties (royaltyskatten); and
  - (ix) taxes imposed under the Hydrocarbon Tax Act (skatter i hen-hold til kulbrinteskatteloven),
- (hereinafter referred to as “Danish tax”).”.

THE SCHEDULE — *continued*

ARTICLE II

Article 3 of the Convention is amended by:

- (a) deleting sub-paragraph 1(*h*);
- (b) deleting sub-paragraph 1(*j*)(ii) and substituting the following sub-paragraph:
  - “(ii) in Denmark, the Minister for Taxation or his authorised representative.”; and
- (c) re-numbering sub-paragraphs 1(*i*) and 1(*j*) as 1(*h*) and 1(*i*) respectively.

ARTICLE III

Article 5 of the Convention is amended by deleting sub-paragraph 3(*b*) and inserting the following sub-paragraphs (*b*) and (*c*):

- “(b) the furnishing of services including consultancy services (other than services in relation to the activities mentioned in sub-paragraph (*c*)), by a resident of a Contracting State through employees or other personnel for more than 90 days within any 12-month period;
- (c) the carrying on of supervisory activities for more than 6 months within any 12-month period in connection with a construction, installation or assembly project.”.

ARTICLE IV

Paragraph 8 of Article 10 of the Convention shall be deleted.

ARTICLE V

Article 12 of the Convention is amended by deleting paragraphs 2 and 3, and substituting the following paragraphs:

“2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the recipient is the beneficial owner of the royalties, the tax so charged shall not exceed 15 per cent of the gross amount of the royalties in respect of payments of any kind received as a consideration for the use of, or the right to use, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial or scientific equipment, or for information concerning industrial or scientific experience.

3. 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, or films or tapes used for radio or television broadcasting, any patent, trade mark,

THE SCHEDULE — *continued*

design or model, plan, secret formula or process, or for the use of, or the right to use, industrial or scientific equipment, or for information concerning industrial or scientific experience.”.

## ARTICLE VI

Article 20 of the Convention is amended by:

(a) deleting the word “person” in sub-paragraph 5(i) and substituting the word “company”;

(b) deleting sub-paragraph 5(ii) and substituting the following sub-paragraph:

“(ii) Where dividends are paid by a company which is a resident of Singapore to a resident of Denmark other than a person referred to in sub-paragraph (i) then Denmark shall allow as a deduction from the tax on the income of that Danish resident an amount equal to 20 per cent of the gross amount of the dividends. The deduction shall however, only be an amount equal to 10 per cent of the gross amount of the dividends if the dividends are paid out of income which is not derived from the active conduct of a trade or business in Singapore. The relief under this sub-paragraph shall not exceed that amount which is calculated in accordance with the provisions of the laws of Denmark regarding the allowance of such relief.”;

(c) inserting immediately after the word “Convention” at the end of sub-paragraph 6(a), the following sentence:

“Notwithstanding the preceding sentence, Singapore tax shall be deemed to have been paid:

(i) at 15 per cent of gross interest in the case of interest referred to in paragraph 2 of Article 11;

(ii) at 15 per cent of gross royalties in the case of royalties referred to in paragraph 2 of Article 12.”;

(d) deleting sub-paragraph 6(b) and substituting the following sub-paragraph:

“(b) For the purposes of the first sentence of sub-paragraph 5(ii), dividends which have been exempted from Singapore tax under the Economic Expansion Incentives (Relief from Income Tax) Act and the Income Tax Act and paid out of income which is derived from the active conduct of a trade or business in Singapore shall be exempt from tax in Denmark.”;

(e) inserting immediately after paragraph 7, the following paragraph:

THE SCHEDULE — *continued*

“8(a) The exemption provided under sub-paragraph 5(i) shall not apply to dividends exempted from Singapore tax under the Economic Expansion Incentives (Relief from Income Tax) Act and the Income Tax Act if the dividends are paid out of income which is not derived from the active conduct of a trade or business in Singapore;

(b) Where the exemption under sub-paragraphs 6(b) and 8(a) does not apply, Denmark shall allow as a deduction from the tax on the income of a resident of Denmark, an amount equal to 10 or 5 per cent, as the case may be, of the gross amount of dividends. Such a deduction shall not exceed that amount which is calculated in accordance with the provisions of the laws of Denmark regarding the allowance of such a deduction.”.

ARTICLE VII

1. The Governments of the Contracting States shall notify each other that the constitutional requirements for the entry into force of this Protocol have been complied with.

2. The Protocol, which shall form an integral part of the Convention, 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 both Contracting States:

(a) in Singapore:

in respect of Singapore tax for any year of assessment beginning on or after 1 January in the second calendar year following that in which this Protocol enters into force.

(b) in Denmark:

(i) in respect of taxes withheld at source, on income derived on or after 1 January in the calendar year next following the year in which the Protocol enters into force;

(ii) in respect of other taxes on income, to such taxes chargeable for any tax year beginning on or after 1 January in the calendar year next following the year in which the Protocol enters into force.

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

DONE in duplicate at Singapore this seventeenth day of May of the year one thousand nine hundred and ninety-four in the English language.

For the Government of the  
Republic of Singapore

For the Government of the  
Kingdom of Denmark

THE SCHEDULE — *continued*

KOH YONG GUAN

JENS PETER LARSEN

LEGISLATIVE HISTORY  
INCOME TAX (SINGAPORE — DENMARK)  
(AVOIDANCE OF DOUBLE TAXATION CONVENTION)  
(SUPPLEMENTARY) ORDER 1994  
(CHAPTER 134, O 10A)

This Legislative History is provided for the convenience of users of the Income Tax (Singapore — Denmark) (Avoidance of Double Taxation Convention) (Supplementary) Order 1994. It is not part of this Order.

**1. G. N. No. S 494/1994 — Income Tax (Singapore — Denmark) (Avoidance of Double Taxation Convention) (Supplementary) Order 1994**

Date of commencement : 30 December 1994

**2. 1995 Revised Edition — Income Tax (Singapore — Denmark) (Avoidance of Double Taxation Convention) (Supplementary) Order 1994**

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