



**TREATY SERIES 2001  
N° 19**

**Agreement between Ireland and the States of Guernsey  
for Affording Relief from Double Taxation with respect to  
certain Income of Individuals and Establishing a Mutual  
Agreement Procedure in connection with the Adjustment of  
Profits of Associated Enterprises**

Done on 26 March 2009

Notifications of the completion of the procedures necessary for the entry into force of  
the Agreement exchanged on 2 October 2009  
and 5 May 2010

Entered into force on 10 June 2010

Presented to Dáil Éireann by the Minister for Foreign Affairs

**AGREEMENT BETWEEN IRELAND AND THE STATES OF GUERNSEY  
FOR AFFORDING RELIEF FROM DOUBLE TAXATION WITH RESPECT  
TO CERTAIN INCOME OF INDIVIDUALS AND ESTABLISHING A  
MUTUAL AGREEMENT PROCEDURE IN CONNECTION WITH THE  
ADJUSTMENT OF PROFITS OF ASSOCIATED ENTERPRISES**

The Government of Ireland and the States of Guernsey, recognising that the two Parties have concluded an Agreement for the Exchange of Information Relating to Tax Matters, and desiring to conclude an Agreement for affording relief from double taxation with respect to certain income of individuals and establishing a mutual agreement procedure in connection with the adjustment of profits of associated enterprises,

**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 the following taxes imposed by the Parties:

(a) in the case of Guernsey:

(i) income tax;

(hereinafter referred to as “Guernsey tax”);

(b) in the case of Ireland:

(i) income tax;

(ii) the income levy; and

(iii) corporation tax:

(hereinafter referred to as “Irish tax”).

2. This Agreement shall apply also to any identical taxes imposed after the date of signature of the Agreement in addition to, or in place of, the existing taxes. This Agreement shall also apply to any substantially similar taxes imposed after the date of signature of the Agreement in addition to or in place of the existing taxes if the Parties so agree. The competent authority of each Party shall notify the other of significant changes in their taxation laws which may affect the matters covered by this Agreement.

**Article 3**  
*Definitions*

1. For the purposes of this Agreement, unless the context otherwise requires:
  - (a) "Guernsey" means Guernsey, Alderney and Herm, including the territorial sea adjacent to those islands, in accordance with international law;
  - (b) "Ireland" means Ireland and includes any area outside the territorial waters of Ireland which has been or may hereafter be designated under the laws of Ireland concerning the Exclusive Economic Zone and the Continental Shelf, as an area within which Ireland may exercise such sovereign rights and jurisdiction as are in conformity with international law;
  - (c) "competent authority" means in the case of Guernsey, the Director of Income Tax or his delegate, and in the case of Ireland, the Revenue Commissioners or their authorised representative;
  - (d) "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;
  - (e) "Party" means the States of Guernsey or Ireland, as the context requires;
  - (f) "person" includes an individual, a company and any other body of persons;  
and
  - (g) "tax" means Guernsey tax or Irish tax as the context requires.
2. As regards the application of this 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 this 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. 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 preceding provisions of this Article, a person, being an individual, is a resident of both Parties, then the person's status shall be determined as follows:
  - (a) he shall be deemed to be a resident only of the Party in which a permanent home is available to him; if a permanent home is available 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, the competent authorities of the Parties shall settle the question by mutual agreement.

3. Where by reason 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

##### *Pensions and Annuities*

1. Subject to the provisions of Article 6, pensions paid to an individual who is a resident of a Party in consideration of past employment and any annuity paid to such a resident in consideration of past employment shall be taxable only in that Party.

2. 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.

#### Article 6

##### *Immovable Property*

1.

(a) Salaries, wages and other similar remuneration paid by a Party or a local authority thereof to an individual in respect of services rendered to that Party or authority in the discharge of functions of a governmental nature 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 did not become a resident of that Party solely for the purpose of rendering the services.

2. Notwithstanding the provisions of paragraph 1, pensions and other similar remuneration paid by, or out of funds created by, a Party or a local authority thereof to an individual in respect of services rendered to that Party or authority in the discharge of functions of a governmental nature shall be taxable only in that Party.

3. The provisions of this Article shall not 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 local authority thereof.

**Article 7**  
*Students*

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 8**  
*Adjustment of Profits and 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, if it considers that the adjustment is justified, make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such an adjustment, due regard shall be had to the other provisions of this Agreement.

3. Where a Party intends to adjust the profits of an enterprise in accordance with the principles set out in paragraph 1, it shall in accordance with its domestic law inform the enterprise of the intended action in due time and give it the opportunity to inform the other enterprise so as to give that other enterprise the opportunity to inform in turn the other Party. However, the Party providing such information shall not be prevented from making the proposed adjustment.

**Article 9**  
*Mutual Agreement Procedure*

1. Where any persons consider that the actions of one or both of the Parties result or will result for them in taxation not in accordance with the provisions of this

Agreement, they may, irrespective of the remedies provided by the domestic law of those Parties, present their case to the competent authority of the Party of which they are a resident. 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 this 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 this 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 this Agreement.

#### *Article 10 Entry Into Force*

This Agreement shall enter into force on the thirtieth day after the later of the dates on which each of the Parties has notified the other in writing of the completion of the procedures required by its law for entry into force. Upon the date of entry into force, it shall have effect:

- (a) in Guernsey, in respect of Guernsey tax, for any year of charge beginning on or after the first day of January 2010; and
- (b) in Ireland:
  - (i) in respect of income tax and the income levy for any year of assessment beginning on or after the first day of January 2010;
  - (ii) in respect of corporation tax, for any financial year beginning on or after the first day of January 2010.

#### *Article 11 Termination*

- 1. This Agreement shall remain in force until terminated by either Party.
- 2. Either Party may terminate this Agreement by giving notice of termination in writing. Such termination shall become effective:
  - (a) in Guernsey, in respect of Guernsey tax, for any year of charge beginning on or after the first day of January in the calendar year next following that in which the notice of termination is given; and
  - (b) in Ireland:

(i) in respect of income tax and the income levy, for any year of assessment beginning on or after the first day of January in the calendar year next following that in which the notice of termination is given;

(ii) in respect of corporation tax, for any financial year beginning on or after the first day of January in the calendar year next following that in which the notice of termination is given.

3. Notwithstanding the provisions of paragraphs 1 and 2, this Agreement shall, upon receipt of written notice of termination of the Agreement for the Exchange of Information Relating to Tax Matters between the Parties, terminate and cease to be effective on the first day of the month following the expiration of a period of six months after the date of receipt of such notice.

**IN WITNESS WHEREOF**, the undersigned being duly authorised in that behalf by the respective Parties have signed this Agreement.

**DONE** in duplicate, this 26<sup>th</sup> day of March, 2009.

**FOR IRELAND**

Brian Lenihan

**FOR THE STATES OF  
GUERNSEY**

Lyndon Trott