THE UK/POLAND DOUBLE TAXATION CONVENTION – AN OVERVIEW OF AMENDMENTS

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I. Introduction and rationale for changes

The existing double taxation agreement between the United Kingdom of Great Britain and Northern Ireland and the Polish People's Republic[3] (signed back in 1976 amidst a political and economic *détente* promoted by the relatively liberal and progressive – on a COMECON[4] scale – communist government of the epoch) came into being in a completely different domestic and global environment.

Over the 30 years that have followed, Poland has morphed into a fast-developing post-communist emerging market, an active NATO and OECD member, and – as of May 2004 – an important element of the enlarged European Union.

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3 Both countries (please note that the Polish People's Republic has – following the overthrow of communism – returned to its previous name, i.e. the Republic of Poland, Polish: *Rzeczpospolita Polska*) henceforth referred to as "Contracting States" or – in singular – a "Contracting State".

4 Council for Mutual Economic Assistance: a trade organisation of communist countries (definition from Webster's New World College Dictionary – Fourth Edition, also available online at www.webster.com); disbanded in 1991.

Since the unstoppable erosion and ultimate bankruptcy of the Soviet imposed command economy in the very late 1980s and a turnabout towards free enterprise effected thereupon, Poland has successively sought to renegotiate international taxation accords with its key economic partners. Amended double taxation agreements have thus been signed with a number of countries (a detailed list of parties to double taxation agreements with Poland is contained in Appendix 1). The United Kingdom has remained one of the very few significant Polish economic partners with whom a wholly dysfunctional system of bilateral over-taxation has lingered far beyond any of its conceptual or practical usefulness.

The proposed amendments have been – to a large part – prompted by the widespread disgruntlement of Poles who have since May 2004 massively relocated to the United Kingdom in search of employment opportunities and who – under the old tax system – have run every risk of being re-taxed upon their possible return to Poland mid-fiscal-year. Some of them in anticipation of the menace have decided to sever any ties to their country of origin (e.g. hastily disposing of all of their Polish property, transferring their entire assets to the United Kingdom) to satisfy the conditions of complete fiscal non-residence in Poland. This unfavourable turn of events has alerted both governments, which have accelerated works on a sweeping amendment of the antiquated tax accord. The work culminated in a Double Taxation Convention (hereinafter referred to as the "Convention") signed in London on 20th July 2006 and ratified on 27th December 2006.

The Convention is – to a considerable extent – a replica of solutions championed by the Model Convention with Respect to Taxes on Income and on Capital of the Organisation for Economic Co-operation and Development (OECD), hereinafter called the "OECD Convention"[5]. This article addresses the pivotal elements of the new Convention superseding the provisions of the antiquated DTA.[6]

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5 The electronic version of the text available at the OECD web site (www.oecd.org).

6 The social, economic and legal background of the amended taxation agreement discussed from the British perspective in the House of Commons' Draft Double Taxation Relief (Taxes on Income) (Poland) Order 2006, Session 2006-07 (available at www.publications.parliament.uk). The Polish stance presented in the draft bill commentary: *Projekt Ustawy o ratyfikacji Konwencji między Rzecząpospolitą Polską a Zjednoczonym Królestwem Wielkiej Brytanii i Irlandii Północnej ws. unikania podwójnego opodatkowania i zapobiegania uchylaniu się od opodatkowania w zakresie podatków od dochodu i od zysków majątkowych*, signed in London on 20th July 2006 – available through the official website of the Polish Parliament (Sejm) www.sejm.gov.pl.

II. Double taxation – definition

Double taxation arises when the same income is subjected to two or more tax levies. This phenomenon is oftentimes caused by an overlap between two (or more) different countries' jurisdictions (or specific tax laws). An example is taxation of foreign investments in the target country and, again, upon repatriation.

It is not unusual for a business or individual resident in one country to make a taxable gain in another. Such entities or individuals may find that they are obliged by domestic laws to pay tax on that gain locally and pay again in the country in which the gain has arisen. Since this is inequitable and dysfunctional from the macro-economic standpoint, double taxation liabilities are often mitigated by way of international treaties signed between countries. Such treaties are usually referred to as double taxation agreements ("DTAs").

Ideally, a DTA requires that a certain tax be paid in the country of residence and be totally exempt in the country in which it arises. To this end, the taxpayer must declare himself (in the foreign country) to be non-resident from the perspective of that country. This accentuates another aspect of international tax agreements: the need for seamless co-operation between both fiscal jurisdictions, including exchange of data on individual tax declarations and investigation of any anomalies that might indicate attempts at fiscal evasion.

III. Double taxation – international methods of elimination

The widely recognised reference of international legislation *vis-à-vis* bi/multilateral tax settlements are the Articles of the Model Tax Convention of the Organisation for Economic Co-operation and Development (OECD).[7] In Chapter V, the Convention defines two principal ways in which the scope for double taxation is reduced:

1. Exemption method

a) "Where a resident of a Contracting State derives income or owns capital which, in accordance with the provisions of this [i.e. the OECD] Convention, may be taxed in the other Contracting State, the first-mentioned State shall, subject to the provisions of subparagraphs b) and c), exempt such income or capital from tax.

7 Updated as at 28th January 2003 (with further amendments); available through the OECD web site (www.oecd.org).

b) Where a resident of a Contracting State derives items of income which, in accordance with the provisions of Articles 10 [Dividends] and 11 [Interest], may be taxed in the other Contracting State, the first-mentioned State shall allow as a deduction from the tax on the income of that resident an amount equal to the tax paid in that other State. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable to such items of income derived from that other State.

c) Where in accordance with any provision of the [OECD] Convention income derived or capital owned by a resident of a Contracting State is exempt from tax in that State, such State may nevertheless, in calculating the amount of tax on the remaining income or capital of such resident, take into account the exempted income or capital.

d) The provisions of subparagraph a) shall not apply to income derived or capital owned by a resident of a Contracting State where the other Contracting State applies the provisions of the [OECD] Convention to exempt such income or capital from tax or applies the provisions of paragraph 2 of Article 10 [withholding tax settlement] or 11 [interest tax settlement] to such income."

2. Credit method

a) "Where a resident of a Contracting State derives income or owns capital which, in accordance with the provisions of this [the OECD] Convention, may be taxed in the other Contracting State, the first-mentioned State shall allow:

i) as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in that other State;

ii) as a deduction from the tax on the capital of that resident, an amount equal to the capital tax paid in that other State.

Such deduction in either case shall not, however, exceed that part of the income tax or capital tax, as computed before the deduction is given, which is attributable, as the case may be, to the income or the capital which may be taxed in that other State.

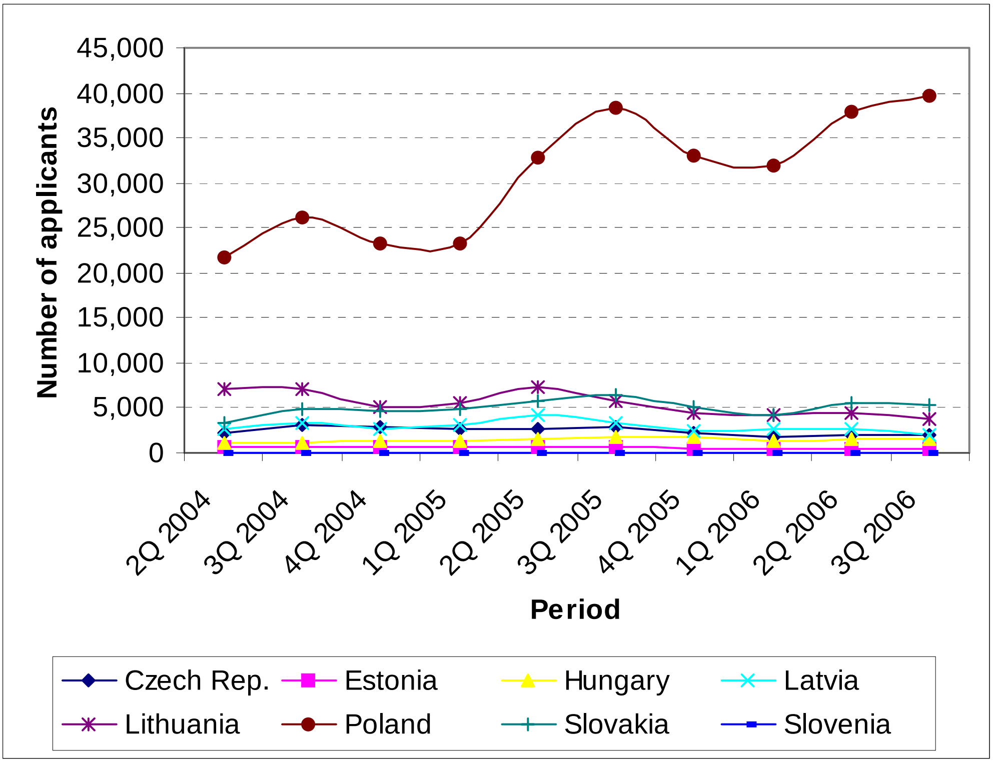
b) Where in accordance with any provision of the [OECD] Convention income derived or capital owned by a resident of a Contracting State is exempt from tax in that State, such State may nevertheless, in calculating the amount of tax on the remaining income or capital of such resident, take into account the exempted income or capital."

IV. Tax base – estimates of scale

In analysing the impact of the amendments contained in the Convention, it is important to gauge the economic scale of interaction between both tax jurisdictions. One of the measures thereof can be the number of Polish jobseekers obtaining a permanent status in the United Kingdom. Such workers derive income from British sources and have – to date – been subject to dual (Polish and British) taxation on the aforesaid credit basis.

Statistics on Polish-British work-force mobility indicate that the extent of interplay between both fiscal jurisdictions is considerable. Furthermore, it can be argued that the hitherto existing (credit) method of double taxation management has led a significant number of taxpayers to under-report their taxable activity or opt to undertake it entirely within the economic "grey zone", i.e. in a fashion totally obscure from the perspective of either tax jurisdiction or both of them.

Figure 1: Number and nationality of Accession Countries'[8] applicants approved under the British Worker Registration Scheme (WRS) between May 2004 – September 2006



Source: Accession Monitoring Reports for May 2004 - September 2006 (joint studies by the Home Office, Department for Work and Pensions, HM Revenue & Customs and Department for Communities & Local Government), published on 21 November 2006 (available at ***www.ind.homeoffice.gov.uk****).*

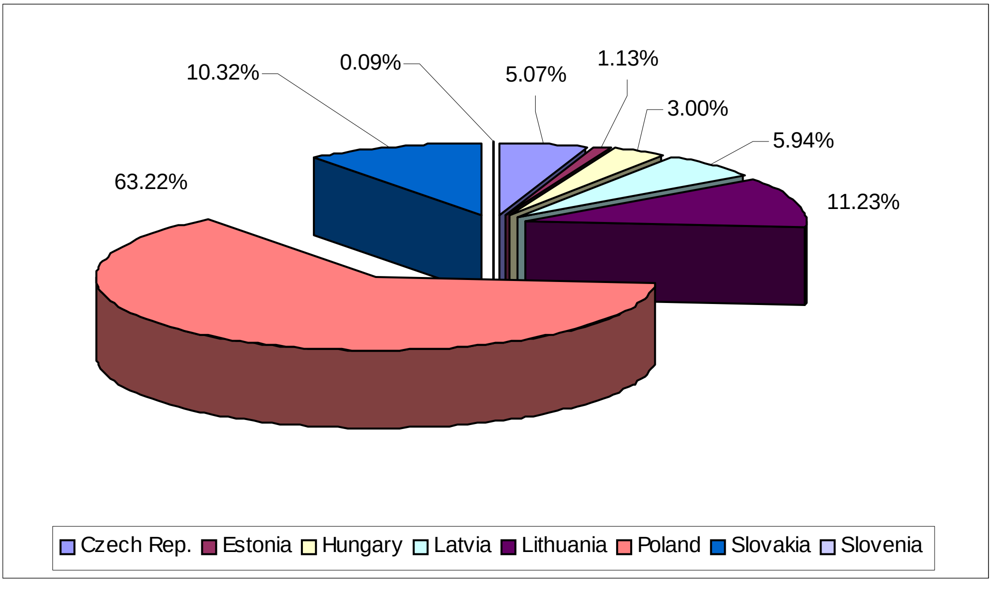
Between May 2004 and September 2006, Poles approved under the WRS (estimated at 307,665 individuals) represented the vast majority (63.22%) of CEE Applicant Country jobseekers taking up residence in the United Kingdom. The British Office for National Statistics estimates that since mid-2004, more Polish citizens have migrated into the United Kingdom than citizens of any other foreign

8 The Central and Eastern European (CEE) Accession Countries (the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) are new members of the European Union admitted in May 2004.

country[9]. The influx represents one of the most significant immigrations in modern British history, its scale being comparable to that of the Polish wartime exile to the United Kingdom (including the Polish Armed Forces fighting under the British command in WWII).

As aforesaid, the WRS data do not cover Polish citizens resident in the United Kingdom and working illegally (i.e. outside the British fiscal system). The fiscal evasion, despite free access by the Poles to the British labour market upon Polish accession to the European Union, is likely to be a by-product of relative over-taxation, itself a function of the credit method of tax settlement applicable to both countries, as well as a high degree of onerous bureaucracy involved in the (rather complicated) tax crediting calculations.

Figure 2: WRS approvals for selected Accession Country nationalities issued between May 2004 and September 2006



Source: Foreign labour in the United Kingdom: current patterns and trends (by John Salt and Jane Millar, Migration Research Unit, University College London), Office for National Statistics, Labour Market Trends, October 2006, Accession Monitoring Reports covering the period May 2004 – September 2006

9 International Migration Reports (2004, 2005), National Statistics news releases available at (www.statistics.gov.uk).

V. Polish taxation – types of levies

The current fiscal system in Poland has emerged as an unwieldy compromise between vestiges of the communist style "welfare state" (reinforced by the social concessions subsequently won by free labour unions – including Solidarity) and a drive towards cost based competitiveness (especially in the face of similar reforms in neighbouring countries of the former Soviet Bloc) initiated after the fall of communism in 1989.

Since the early 1990s, the Polish tax system has thus been gradually reformed, with the intention of encouraging inward investment and thereby fostering job creation (unemployment of a double-digit scale unparalleled anywhere in the European Union has for long been viewed as a critical macro-economic and political challenge). Furthermore, fiscal reforms have been a by-product of harmonisation with European Union laws (notably – yet not exclusively – concerning indirect taxes).

At present, the Polish fiscal system comprises 12 conceptual types of levies, i.e.[10]:

- Nine direct taxes:
    1. Corporate income tax (CIT);
    2. Personal income tax (PIT);
    3. Tax on civil law transactions;
    4. Property tax;
    5. Modes of transport tax;
    6. Inheritance and donations tax;
    7. Farming tax;
    8. Forestry tax;
    9. Dog ownership tax.

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10 More data on the characteristics of the Polish fiscal system are available from the Polish Information and Foreign Investment Agency (Polish: *Polska Agencja Informacji i Inwestycji Zagranicznych*, PAIIZ, www.paiz.gov.pl), the Polish Ministry of Finance (www.mofnet.gov.pl) and Polish reports published by global law and accounting firms.

- Three indirect taxes:

  1. Tax on goods and services (VAT),

  2. Excise duty,

  3. Game tax.

The new British-Polish double taxation convention is focused on two types of fiscal charges:

- taxes on income;

- taxes on capital gains.

Given conceptual differences between both fiscal systems, the accord specifically – but not exclusively – applies to the following classes of tax obligations in both countries, as well as to their subsequent alternations regarding:

In the United Kingdom:

- the income tax;

- the corporation tax;

- the capital gains tax.

In Poland:

- the personal income tax[11];

- corporate income tax.

In the scope of commercial undertakings covered thereby, the Convention lists the following categories of profits:

- Income from immovable property

- Business profits

11 The Polish capital gains tax has historically formed part of the personal income tax, it is still not recognized as an independent fiscal levy according to numerous Polish sources.

- Shipping and air transport
- Associated enterprises
- Dividends
- Interest
- Royalties
- Income from employment
- Directors’ fees
- Artistes and sportsmen
- Pensions
- Government service
- Professors, teachers and researchers
- Students
- Other income

VI. Key amendments

The new Convention between the United Kingdom and Poland has followed on from the fundamentals of the aforementioned OECD Model Convention. The most significant alternations between the régimes of the old DTA signed back in 1976 and the new Convention concluded in 2006 can be summarised as follows:

1. Switch from credit to exemption

This represents an about-face in overall fiscal philosophy. The vast majority of tax agreements signed by the United Kingdom and Poland with third parties provide for exemption as the optimal way of offsetting double taxation liabilities. The key aspect of the change relates to the exemption – on certain conditions – of income or capital gains derived in either of the Contracting States by residents of the other Contracting State. It is of particular significance from the practical point of view: no more will Polish residents employed in the United Kingdom (and usually remunerated higher than at home) be subject to dual (Polish) taxation on their income or gains derived from the United Kingdom. On a macro-economic scale, this signifies a more liberal system of tax collection and an incentive towards greater fiscal transparency and business activity to be undertaken between both countries.

2. Withholding taxes

The new Convention has lowered the lump sum rate applicable to dividend payments to 10% (from 15% under the previous régime). Furthermore, the amendments have aimed at a greater harmonisation with the European *acquis communautaire*, *inter alia* regarding:

a) Council Directive 2003/123/EC (of 22 December 2003) amending Directive 90/435/EEC on the common system of taxation applicable in the case of parent companies and subsidiaries of different Member States;

b) Judgment of the European Court (Fifth Chamber) of 17 October 1996 – *Denkavit International BV, VITIC Amsterdam BV and Voormeer BV v Bundesamt für Finanzen*.

The *ratio legis* derived from these sources should guide the application process with regard to the British-Polish Convention, hence a brief overview of their principles.

Essentially, Directive 2003/123/EC[12] (following from its antecedent: 90/435/EEC) introduces a pan-European mechanism for "distribution of profits[13] received by permanent establishments situated in each Member State [of the European Union[14]] of companies of other Member States which come from their subsidiaries of a Member State other than that where the permanent establishment is situated".

Article 2 of Directive 2003/123/EC re-defines the concept of a "permanent establishment" to concern "a fixed place of business situated in a Member State through which the business of a company of another Member State is wholly or partly carried on in so far as the profits of that place of business are subject to tax in the Member State in which it is situated by virtue of the relevant bilateral tax treaty or, in the absence of such a treaty, by virtue of national law."

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12 Available in OJ L 7/41, 13.1.2004.

13 Taxable in the form defined in the British and Irish jurisdictions as "corporation tax".

14 As referred to in Art. 1 of Council Directive 90/435/EEC (OJ L 225, 22.9.1990, p.6).

Article 3 of Directive 2003/123/EC provides the minimum mandatory holding[15] percentages to act as a “parent company” thereunder. The thresholds have stipulated as follows:

Table 1: Status of “Parent Company” under Directive 2003/123/EC

Period	Minimum holding (in %)*
From 1st January 2007	15
From 1st January 2009	10

Source: Official Journal of the European Union, L 7, 13.1.2004, p. 42. Note (*): the minimum holding owned in an EU domiciled subsidiary.

Accordingly, Directive 2003/123/EC in Art. 4 thereof amends Directive 90/435/EEC to the effect that:

Par. 1: “Where a parent company or its permanent establishment, by virtue of the association of the parent company with its subsidiary, receives distributed profits, the State of the parent company and the State of its permanent establishment shall, except when the subsidiary is liquidated, either:

- refrain from taxing such profits, or
- tax such profits while authorising the parent company and the permanent establishment to deduct from the amount of tax due that fraction of the corporation tax related to those profits and paid by the subsidiary and any lower-tier subsidiary, subject to the condition that at each tier a company and its lower-tier subsidiary meet the requirements provided for in Articles 2 and 3, up to the limit of the amount of the corresponding tax due.”

Directive 2003/123/EC within the same article has added the following paragraph:

Par. 1a: “Nothing in this Directive shall prevent the State of the parent company from considering a subsidiary to be fiscally transparent on the basis of that State’s assessment of the legal characteristics of that subsidiary arising from the law under which it is constituted and therefore from taxing the parent company on its share of the profits of its subsidiary as and when those profits arise. In this case the State of the parent company shall refrain from taxing the distributed profits of the subsidiary.

15 Initially set at 20% (Directive 2003/123/EC entered into force in 2004). Directive 90/435/EEC had originally required 25% in this respect, i.e. the trend is downwards.

When assessing the parent company's share of the profits of its subsidiary as they arise the State of the parent company shall either exempt those profits or authorise the parent company to deduct from the amount of tax due that fraction of the corporation tax related to the parent company's share of profits and paid by its subsidiary and any lower-tier subsidiary, subject to the condition that at each tier a company and its lower-tier subsidiary meet the requirements provided for in Articles 2 and 3, up to the limit of the amount of the corresponding tax due."

Whilst the aforementioned directives provide for a general system of withholding tax levies among EU members, the judgment of European Court of Justice in respect of what is collectively referred to as the first *Denkavit* case[16] drives their interpretation with regard to the mandatory time length of the holding of an interest in a subsidiary (i.e. two years[17]). Importantly, in the opinion of *Denkavit* (backed by the relevant judgment of the European Court of Justice) derived from the actual wording of the Directive 90/435/EEC, the minimum period set pursuant to Article 3.2 need not necessarily have expired at the time when the tax advantage is granted. Evidently, Directive 90/435/EEC was designed to encourage cross-border holdings in the EU, not to deter creation thereof by impeding access to the tax advantages granted within the framework of national cooperation.

Interestingly, another landmark case brought by Denkavit before the European Court of Justice (concerning the cross-border tax fiscal treatment of dividends) has recently resulted in a judgment whose repercussions for EU-wide taxation are likely to be by far more serious than those of the verdict returned in 1996.

The case revolved around the legality of a 5% withholding tax levy that the French government had placed on dividends paid by the Denkavit's French subsidiary to the Dutch parent. Denkavit had argued that the charge had contravened one of the EU's general principles, i.e. the freedom to provide services/freedom of establishment[18] because dividends paid by a French subsidiary to a French parent had not been liable to the same tax. The ECJ supported Denkavit's argument; the ruling has dramatically restricted the scope for imposing withholding tax across the

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16 Judgment of the [European] Court [of Justice] (Fifth Chamber) of 17th October 1996. *Denkavit International BV, VITIC Amsterdam BV and Voormeer BV v Bundesamt für Finanzen*. European Court Reports 1996, Page I-05063.

17 So specified under Art. 3.2 of Directive 90/435/EEC.

18 The essence of both "fundamental freedoms" highlighted at the official EU web site (http://ec.europa.eu/internal_market/services/principles_en.htm).

EU. The likely rebates arising from EU-wide challenges might run into hundreds of millions of pounds.[19] It is certain that the ruling will provide an irrefutable guideline for the application of the Convention in respect of withholding tax charges between both countries.

3. *Interest*

The Convention has significantly changed the way in which interest payments are settled between both countries (Art. 11). The old DTA of 1976 used to tax interest solely in its beneficial owner's country of residence. The Convention, however, now levies an additional withholding tax of up to 5% on gross interest in the Contracting State in which it arises. This surtax payable at source does not apply to interest transferred:

- to Contracting State government agencies and/or entities wholly owned thereby;
- on loans granted/insured/guaranteed by a Contracting State governmental institution for the purposes of exports promotion;
- relating to crediting sales of industrial/commercial/scientific equipment;
- on bank loans.

Finally, the provisions of the amended Art. 11 are accorded with the fiscal treatment of business profits contemplated under Art. 7 (taxation of profits attributable to permanent establishments in both countries).

4. *Royalties*

In Art. 12, the new Convention has slashed the maximum withholding tax rate in respect of gross royalties for a Contracting State in which they arise from 10% (under the old DTA) to 5%. It is worth noting that such royalties may also be taxable in the taxpayer's country of residence. Again, the provisions of this article are contingent upon the more general fiscal treatment of business profits discussed in Art. 7.

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19 According to Jonathan Bridges of KPMG's EU Law Group quoted in the Financial Times (online edition) of 15th December 2006: "Multinationals look for tax bill cut after ruling" – by Vanessa Houlder, London, England).

5. Tax evasion clauses

The Convention has endeavoured to tighten the bilateral fiscal system by incorporating clauses expected to limit tax evasion/tax practices. Accordingly, each of the articles concerning dividends, interest, royalties and limitation of relief

has been amended by a clause stating that "the provisions of the Article shall not apply if it was the main purpose or one of the main purposes of any person concerned with the creation or assignment of the rights[20] to take advantage of this Article by means of that creation or assignment".[21]

6. Liberal professions

Liberal professions[22] (as defined by many EU countries) concurrently with the articles of the OECD Model Convention with respect to Taxes on Income and on Capital have not been dealt with by the Convention.

7. Exchange of information

A great deal of emphasis has been put (in Art. 26) on efficient and comprehensive (covering all types of fiscal obligations) information flows between both countries in the noble cause of "carrying out the provisions of this Convention [...] in particular to prevent fraud and to facilitate the administration of statutory provisions against legal avoidance." This alternation mirrors the text of Art. 26 of the OECD Model Convention – *inter alia* in stressing the relevance and secrecy of the data being obtained in such process.

VII. Other amendments

1. Permanent establishment

The text of the Convention (governing the concept of a "permanent establishment") contained in Art. 5 is practically identical with the definition of Art. 5 of the OECD Model Convention. Specifically, under Art. 5(3), a building

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20 Relating to the types of taxable events contemplated in each of the articles.

21 Concurrently with the Roman maxim "*Actus simulatus nullius est momenti*". Court rulings will help to determine the practical implications of this rather equivocal *caveat*.

22 The term is favoured by the European Commission and applied in labour reports commissioned by EU bodies.

site or construction or installation project is deemed to constitute a permanent establishment only if lasting more than twelve months.

2. *Income from immovable property*

The taxation of immovable property (the bulk of Art. 6 of the Convention strives to define at length the very concept of such property) held by a resident a Contracting State, which is situated in the other Contracting State, may also be taxed in the latter State.

3. *Shipping and air transport*

Under Art. 8 of the Convention, "profits of an enterprise of a Contracting State from the operation of ships and aircraft in international traffic shall be taxable only in that State". This deviates from the relevant stipulations of the previous DTA: compatible in this aspect with Art. 8 of the OECD Model Convention. Pursuant to Art. 8.1. of the Model Convention, the critical determinant of a tax liability in respect of a shipping and air transport enterprise refers to the Contracting State wherein "the place of effective management of the enterprise is situated". However, given that the very idea of residence depends on the "place of effective management" (as expressed in Art. 4.3.), both taxation accords (the old DTA and the new Convention) appear to produce an equivalent effect with regard to such levies.

4. *Capital gains*

The fiscal treatment of capital gains does not alter with the arrival of the respective provisions of the Convention (Art. 13)[23]. Consequently, capital gains – alienated from all the forms exemplified by this article (i.e. immovable property, shares or an interest[24]) – derived by a resident of a Contracting State and situated in the other Contracting State – may be taxed in that other State. The same treatment is applicable under the Convention to gains from cross-country alienation of movable property forming part of a permanent establishment's assets as well as gains

23 Whilst the fiscal approach to capital gains in Poland has changed substantially. The Polish Capital Gains Tax, CGT (Polish: *podatek od zysków kapitałowych*) introduced in 2002 stands at 19% (against the upper bracket of personal income tax, PIT, at 40%); furthermore the Polish CGT can be offset against capital losses. Historically, capital gains used to inflate the all-inclusive PIT.

24 The two specific classes of capital gains alluded to in Art. 13(2) are to derive their value of the greater part thereof from directly or indirectly from immovable property. The definition of "shares" contemplated in Art. 13(2)(a) does not extend to equity substantially and regularly traded on a stock exchange. The "interest in a partnership or trust" must be composed primarily of immovable property as per Art. 13(2)(b).

obtained through the alienation of ships or aircraft operated in international traffic. Bilateral transfer of gains other than those covered under Art. 13(1) through 13(4) shall be taxable only in the alienator's country of residence. This condition applies to persons who are perceived to be non-residents from the perspective of the Contracting State from which their property is repatriated.

5. Pensions

Pensions and other similar remuneration paid to an individual who is a resident of a Contracting State are to be taxable solely in that State. This mechanism works in the opposite direction in the case of lump-sum payments, whereby such one-off remittances relating to pension schemes established in a Contracting State and beneficially owned by a resident of the other Contracting State are taxable at source.

6. Income from employment, directors' fees, artistes and sportsmen, professors, teachers and researchers and students

Per se, the fiscal approach to these categories of taxpayers is not liable to substantial alternation with the advent of the Convention. What does change is the overall fashion in which bilateral tax obligations are mitigated, i.e. the newly introduced exemption method v. tax crediting (applicable under the previous system).

VIII. Entry into force

According to Art. 28 of the Convention, both countries shall notify each other through diplomatic channels upon completion of their respective legislative procedures.

The Convention's entry into force has thus been determined as the date of the later of these notifications. It is to take effect in Poland on 1st January in the year after entry into force (i.e. 2007). It ought to take effect in the United Kingdom:

- on 1st January in the year after entry into force (i.e. 2007) for taxes withheld at source;
- on 6th April in that year (i.e. 2007) for income tax and capital gains tax; and for any financial year beginning on or after 1st April in that year for corporation tax.

The Convention thus entered into force on 27th December 2006 – upon ratification by the President of the Republic of Poland[25]. The existing United Kingdom-Poland Double Taxation Agreement, signed in 1976, terminated upon the entry into force of this Convention.

25 Events archive for 2006 at the official web site of the President of the Republic of Poland (www.president.pl).

APPENDIX 1

List of international agreements on double taxation of income concluded by Poland

Party		Double taxation agreement		
		Signed on	**Ratified on**	**In force from**
1	Albania	05.03.1993	27.06.1994	01.01.1995
2	Algeria	31.01.2000		
3	Armenia	14.07.1999	27.02.2005	01.01.2006
4	Australia	07.05.1991	04.03.1992	01.01.1993
5	Austria Austria	02.10.1974 13.01.2004	21.09.1975 01.04.2005	01.01.1974 01.01.2006
6	Azerbaijan	26.08.1997	20.01.2005	01.01.2006
7	Bangladesh	08.07.1997	28.01.1999	01.01.2000
8	Belarus	18.11.1992	30.07.1993	01.01.1994
9	Belgium Belgium	14.09.1976 20.08.2001	21.09.1978 29.04.2004	01.01.1979 01.01.2005
10	Bulgaria	11.04.1994	10.05.1995	01.01.1996
11	Canada	04.05.1987	30.11.1989	01.01.1989
12	Chile	10.03.2000	30.12.2003	01.01.2004
13	China	07.06.1988	07.01.1989	01.01.1990
14	Croatia	19.10.1994	11.02.1996	01.01.1997
15	Cyprus	04.06.1992	07.07.1993	01.01.1994
16	Czech Republic	24.06.1993	20.12.1993	01.01.1994
17	Denmark	06.12.2001	31.12.2002	01.01.2003
18	Egypt	24.06.1996	16.07.2001	01.01.2002
19	Estonia	09.05.1994	09.12.1994	01.01.1995
20	Finland Protocol	26.10.1977 28.04.1994	30.03.1979 25.01.1995	01.01.1980 01.01.1996
21	France	20.06.1975	12.09.1976	01.01.1974
22	Georgia	05.11.1999	31.08.2006	01.01.2007
23	Germany Protocol	18.12.1972 24.10.1979 14.05.2003	14.09.1975 19.12.2004	01.01.1976 01.01.2005
24	Greece	20.11.1987	28.09.1991	01.01.1992
25	Holland	13.02.2002	18.03.2003	01.01.2004

26	Hungary Protocol	23.09.1992 27.06.2000	10.09.1995 01.05.2002	01.01.1996 01.08.2002
27	India	21.06.1989	26.10.1989	01.01.1990
28	Indonesia	06.10.1992	25.08.1993	01.01.1994
29	Iran Protocol	02.10.1998 15.12.2004	01.12.2006 01.12.2006	01.01.2007 01.01.2007
30	Ireland	13.11.1995	22.12.1995	01.01.1996
31	Island	19.06.1998	20.06.1999	01.01.2000
32	Israel	22.05.1991	30.12.1991	01.01.1992
33	Italy	21.06.1985	26.09.1989	01.01.1984
34	Japan	20.02.1980	23.12.1982	01.01.1983
35	Jordan	04.10.1997	22.04.1999	01.01.2000
36	Kazakhstan	21.09.1994	13.05.1995	01.01.1996
37	Kuwait	16.11.1996	25.04.2000	01.01.1996
38	Kyrgyzstan	19.11.1998	22.06.2004	01.09.20041 01.01.20052
39	Latvia	17.11.1993	30.11.1994	01.01.1995
40	Lebanon	26.07.1999	07.11.2003	01.01.2004
41	Lithuania	20.01.1994	19.07.1994	01.01.1995
42	Luxembourg	14.06.1995	11.07.1996	01.01.1997
43	Macedonia	28.11.1996	17.12.1999	01.01.2000
44	Malaysia	16.09.1977	05.12.1978	01.01.1997
45	Malta	07.01.1994	24.11.1994	01.01.1995
46	Mexico	30.11.1998	06.09.2002	01.01.2003
47	Moldova	16.11.1994	27.10.1995	01.01.1996
48	Mongolia	18.04.1997	21.07.2001	01.01.2002
49	Morocco	24.10.1994	29.03.1995	01.01.1996
50	New Zealand	21.04.2005	16.08.2006	01.01.2007
51	Nigeria	12.02.1999		
52	Norway	24.05.1977	30.10.1979	01.01.1976
53	Pakistan	25.10.1974	24.11.1975	01.01.1973
54	Philippines	09.09.1992	07.04.1997	01.01.1998
55	Portugal	09.05.1995	04.02.1998	01.01.1999
56	Republic of Korea	21.06.1991	21.02.1992	01.01.1991
57	Rumania	23.06.1994	15.09.1995	01.01.1996
58	Russia	22.05.1992	22.02.1993	01.01.1994
59	Singapore	23.04.1993	25.12.1993	01.01.1994
60	Slovak Republic	18.08.1994	21.12.1995	01.01.1996
61	Slovenia	28.06.1996	10.03.1998	01.01.1999

62	South Africa	10.11.1993	05.12.1995	01.01.1996
63	Spain	15.11.1979	06.05.1982	01.01.1983
64	Sri Lanka	25.04.1980	21.10.1983	01.01.1983
65	Sweden	05.06.1975 19.11.2004	18.02.1977 15.10.2005	01.01.1978 01.01.2006
66	Switzerland	02.09.1991	25.09.1992	01.01.1993
67	Syria	15.08.2001	23.12.2003	01.01.2004
68	Tadzhikistan	27.05.2003	24.06.2004	01.09.20041 01.01.20052
69	Thailand	08.12.1978	13.05.1983	01.01.1983
70	Tunisia	29.03.1993	15.11.1993	01.01.1994
71	Turkey	03.11.1993	01.10.1996	01.01.1998
72	UAE	31.01.1993	21.04.1994	01.01.1995
73	Ukraine	12.01.1993	11.03.1994	01.01.1995
74	United Kingdom	16.12.1976 20.07.2006	25.02.1978 27.12.2006	01.04.1975 01.01.2007
75	Uruguay	02.08.1991		
76	USA	08.10.1974	23.07.1976	01.01.1977
77	Uzbekistan	11.01.1995	29.04.1995	01.01.1996
78	Vietnam	31.08.1994	20.01.1995	01.01.1996
79	Yugoslavia	12.06.1997	17.06.1998	01.01.1999
80	Zambia	19.05.1995		
81	Zimbabwe	09.07.1993	28.11.1994	01.01.1995

Source: Polish Ministry of Finance (online resources available at www.mofnet.gov.pl). Multiple dates refer to tax, signature/ratification/entry-into-force differences among countries.