

Statutory Document No. 2020/0464



*Income Tax Act 1970*

## **TAXES (FINLAND) (AMENDMENT) ORDER 2020**

*Approved by Tynwald: 18 November 2020*

*Coming into Operation in accordance with article 2*

The Council of Ministers makes the following Order under sections 104B and 104C of the Income Tax Act 1970.

### **1 Title**

This Order is the Taxes (Finland) (Amendment) Order 2020.

### **2 Commencement**

If approved by Tynwald<sup>1</sup>, this Order comes into operation on the day after it is approved.

### **3 Interpretation**

In this Order —

“the 2007 Agreements” means the agreements signed on 30 October 2007 between the Government of the Isle of Man and the Government of the Republic of Finland —

- (a) for the avoidance of double taxation on individuals;
- (b) on the access to mutual agreement procedures in connection with the adjustment of profits of associated enterprise; and
- (c) for the avoidance of double taxation with respect to enterprises operating ships or aircraft in international traffic; and

“applicable arrangements” means the Protocols signed on 8 September 2020 and 25 September 2020 between the Government of the Republic of Finland and the Government of the Isle of Man (as set out in the Schedule) amending the 2007 Agreements.

### **4 Implementation of the applicable arrangements**

The Council of Ministers declares that the applicable arrangements —

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<sup>1</sup> Tynwald approval is required by section 104B(6) of the Income Tax Act 1970.

- (a) have been made with the Government of the Republic of Finland to amend the 2007 Agreements; and
- (b) should have effect as part of the law of the Island.

**MADE 30 OCTOBER 2020**

**W GREENHOW**  
*Chief Secretary*

*EXPLANATORY NOTE*

*(This note is not part of the Order)*

This Order is made under sections 104B and 104C of the Income Tax Act 1970.

This Order declares that arrangements have been negotiated between the Government of the Isle of Man and the Government of the Republic of Finland dated 8 and 25 September 2020 which amend agreements made in 2007 between the two Governments:

- for the avoidance of double taxation on individuals ;
- on the access to mutual agreement procedures in connection with the adjustment of profits of associated enterprises; and
- for the avoidance of double taxation with respect to enterprises operating ships or aircraft in international traffic.

The 2007 Agreements already have effect as part of the law of the Island<sup>2</sup>. By this Order the arrangements negotiated in September 2020 have similar effect from the date of its approval by Tynwald.

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<sup>2</sup> SD 64/08, SD65/08 and SD66/08.

**PROTOCOL  
AMENDING THE AGREEMENT BETWEEN THE ISLE OF MAN AND THE  
REPUBLIC OF FINLAND FOR THE AVOIDANCE OF DOUBLE TAXATION  
ON INDIVIDUALS SIGNED ON 30<sup>TH</sup> OCTOBER, 2007**

The Government of the Isle of Man and the Government of the Republic of Finland ("the Parties"), desiring to amend the Agreement between the Isle of Man and the Republic of Finland for the Avoidance of Double Taxation on Individuals signed on 30<sup>th</sup> October, 2007 ("the Agreement"),

Have agreed as follows:

## ARTICLE 1

The Preamble to the Agreement shall be modified to include the following text immediately after the existing first paragraph:

"Intending to eliminate double taxation with respect to the taxes covered by this Agreement without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this Agreement for the indirect benefit of residents of third jurisdictions);".

## ARTICLE 2

The first sentence of the first paragraph of Article 12 (Mutual Agreement Procedure) of the Agreement shall be modified as follows:

"Where an individual considers that the actions of one or both of the Parties result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the domestic law of those Parties, present his case to the competent authority of either Party."

## ARTICLE 3

Immediately after Article 12 (Mutual Agreement Procedure) of the Agreement, the following shall be added, as Article 12A:

"Entitlement to Benefits

Notwithstanding any provisions of this Agreement, a benefit under this Agreement shall not be granted in respect of an item of income if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this Agreement."

## ARTICLE 4

1. This Protocol 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 that the procedures required by its law have been complied with.

2. The Protocol shall have effect:

a) in the Isle of Man:

in respect of Manx tax, on tax chargeable for any tax year beginning on or after the sixth day of April of the year next following that in which this Protocol enters into force;

b) in Finland:

in respect of Finnish tax, on taxes chargeable for any tax year beginning on or after the first day of January of the year next following that in which this Protocol enters into force.

IN WITNESS WHEREOF the undersigned, duly authorised thereto have signed this Protocol.

DONE at Helsinki, on the *8<sup>th</sup>* day of *September*, 2020 and at Douglas, on the *25* day of *SEPTEMBER*; 2020, in duplicate in the English language.

For the Government  
of the Isle of Man:

For the Government  
of the Republic of Finland:



**PROTOCOL**  
**AMENDING THE AGREEMENT BETWEEN THE ISLE OF MAN AND THE**  
**REPUBLIC OF FINLAND ON THE ACCESS TO MUTUAL AGREEMENT**  
**PROCEDURES IN CONNECTION WITH THE ADJUSTMENT OF**  
**PROFITS OF ASSOCIATED ENTERPRISES**  
**SIGNED ON 30<sup>TH</sup> OCTOBER, 2007**

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The Government of the Isle of Man and the Government of the Republic of Finland ("the Parties"), desiring to amend the Agreement between the Isle of Man and the Republic of Finland on the access to Mutual Agreement Procedures in connection with the adjustment of profits of associated enterprises signed on 30<sup>th</sup> October, 2007 ("the Agreement"),

Have agreed as follows:

## ARTICLE 1

The Preamble to the Agreement shall be modified to include the following text immediately after the existing first paragraph:

"Intending to eliminate double taxation with respect to the taxes covered by this Agreement without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this Agreement for the indirect benefit of residents of third jurisdictions);".

## ARTICLE 2

The first paragraph of Article 5 (Mutual Agreement Procedures) of the Agreement shall be modified as follows:

"Where an enterprise considers that, in any case to which this Agreement applies, the actions of one or both of the Parties result or will result for it in double taxation, it may, irrespective of the remedies provided by the domestic law of those Parties, present its case to the competent authority of either Party. 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."

## ARTICLE 3

Immediately after Article 5 (Mutual Agreement Procedures) of the Agreement, the following shall be added, as Article 5A:

"Entitlement to Benefits

Notwithstanding any provisions of this Agreement, a benefit under this Agreement shall not be granted in respect of an item of income if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this Agreement."



## ARTICLE 4

This Protocol 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 that the procedures required by its law have been complied with. This Protocol shall have effect on taxes chargeable for any tax year beginning on or after the first day of January of the calendar year next following that in which this Protocol enters into force.

IN WITNESS WHEREOF the undersigned, duly authorised thereto have signed this Protocol.

DONE at Helsinki, on the *8<sup>th</sup>* day of *September*, 2020 and at Douglas, on the *25* day of *SEPTEMBER*, 2020, in duplicate in the English language.

For the Government  
of the Isle of Man:

For the Government  
of the Republic of Finland:

**PROTOCOL  
AMENDING THE AGREEMENT BETWEEN THE ISLE OF MAN AND THE  
REPUBLIC OF FINLAND FOR THE AVOIDANCE OF DOUBLE TAXATION  
WITH RESPECT TO ENTERPRISES OPERATING SHIPS OR AIRCRAFT  
IN INTERNATIONAL TRAFFIC SIGNED ON 30<sup>TH</sup> OCTOBER, 2007**

**The** Government of the Isle of Man and the Government of the Republic of Finland ("the Parties"), desiring to amend the Agreement between the Isle of Man and the Republic of Finland for the avoidance of double taxation with respect to enterprises operating ships or aircraft in international traffic signed on 30<sup>th</sup> October, 2007 ("the Agreement"),

Have agreed as follows:

## ARTICLE I

The Preamble to the Agreement shall be modified to include the following text immediately after the existing first paragraph:

"Intending to eliminate double taxation with respect to the taxes covered by this Agreement without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this Agreement for the indirect benefit of residents of third jurisdictions);".

## ARTICLE 2

The first sentence of the first paragraph of Article 3 (Mutual Agreement Procedure) of the Agreement shall be modified as follows:

"Where a person considers that the actions of one or both of the Parties result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the domestic law of those Parties, present his case to the competent authority of either Party."

## ARTICLE 3

Immediately after Article 3 (Mutual Agreement Procedure) of the Agreement, the following shall be added, as Article 3A:

"Entitlement to Benefits

Notwithstanding any provisions of this Agreement, a benefit under this Agreement shall not be granted in respect of an item of income if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this Agreement."

## ARTICLE 4

This Protocol 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 that the procedures required by its law have been complied with. This Protocol shall have effect on taxes chargeable for any tax year beginning on or after the first day of January of the calendar year next following that in which this Protocol enters into force.

IN WITNESS WHEREOF the undersigned, duly authorised thereto have signed this Protocol.

DONE at Helsinki, on the *8<sup>th</sup>* day of *September*, 2020 and at Douglas, on the *25* day of *SEPTEMBER*, 2020, in duplicate in the English language.

For the Government  
of the Isle of Man:

For the Government  
of the Republic of Finland:

