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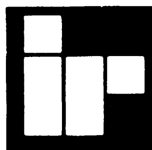

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DOUBLE TAXATION CONVENTION WITH FINLAND

PART I – INTRODUCTION

The text of the Convention has been published as a schedule to an Order in Council (S.R. 1984/190) which is available from Government Bookshops.

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PART II – NOTES ON THE CONVENTION ARTICLE BY ARTICLE

Article 1 – Personal Scope

The Convention applies to persons who are **residents** of one or both of the Contracting States. In this context the term "persons" includes a company.

Article 2 – Taxes Covered

(1) The Convention covers the following taxes imposed by Finland:

(i) The state income tax;

(ii) The communal tax;

(iii) The church tax;

(iv) The sailors' tax;

(v) The tax withheld at source from non-residents' income.

(2) With regard to New Zealand the Convention covers income tax and excess retention tax, but not bonus issue tax which is excluded in paragraph 1 of the Protocol.

Article 3 – General Definitions

(1) **"National": Paragraph 1(e)**

The term "national" is used in paragraph 2(c) and 2(d) of Article 4 in determining residence status. It is also used in Article 19 Government Service.

In New Zealand the term covers any individual who is a New Zealand citizen and any legal person, partnership or association under the law in force in New Zealand.

In Finland the term covers any individual who is a Finnish citizen and any legal person, partnership or association under the law in force in Finland.

(2) **Undefined Terms: Paragraph 4**

This is a standard provision. Where a term is not defined it has the meaning applicable under the domestic law of the country applying the Convention.

Article 4 – Fiscal Domicile

(1) Paragraph 1 defines the meaning of the term "resident of a Contracting State" (i.e., for the purposes of Article 1). In effect the defined term is a reference to the domestic law of each country. Whenever the term is used in the Convention, the residence of the taxpayer must first be determined in accordance with this Article. Paragraph 1 also defines Finnish undivided estates which are covered by Article 22.

(2) Paragraph 2 sets out the tests to be applied to solve the problem of a dual resident individual. Dual residence arises when a taxpayer is resident in both countries by virtue of the domestic law of each country. The paragraph gives preference to the country in which the individual has a permanent home available to him. This criterion will frequently be sufficient to solve the conflict, e.g., where the individual has a permanent home in one country and has only stayed a certain length of time in the other country. See also paragraph (4) below.

(3) Paragraph 3 sets out the rule to determine the case of a company or other legal person which is resident in both countries. Residence will be where the place of effective management of the enterprise is situated. In this respect New Zealand views the term "effective management" as meaning the practical day to day management, irrespective of where the overriding control is exercised (c.f. paragraph 2 of Protocol).

(4) In applying the tests to dual residents it should be remembered that these tests apply only for the purposes of the tax convention. If the person **resident in New Zealand** (domestic law test) becomes for the purposes of the Convention a "Resident of Finland" after the tests have been applied, this does **not** mean that he is a non-resident for all purposes of New Zealand tax law. For example he can never be subject to non-resident withholding tax, the reason being that although he is treated as a non-resident for certain purposes of the Convention, he is still a resident under the New Zealand Income Tax Act. What it does mean is that he is entitled to any benefits granted by the Convention to a "Resident of Finland". Thus, although not subject to withholding tax on, for example, New Zealand royalty income, he would still qualify for the 10 percent limitation in the Convention.

Article 5 – Permanent Establishment

This Article defines the term "permanent establishment". This concept determines the right of a Contracting State to tax the profits of an "enterprise of the other Contracting State". Due to the inclusion of the words "includes especially" in paragraph 2, the examples cited as constituting a permanent establishment are by no means exhaustive.

The definition of "permanent establishment" is fairly standard and the following points should be noted:

Paragraph 3	A building site or construction or installation project constitutes a permanent establishment if it lasts for more than 12 months.
Paragraph 5(a)	An enterprise shall be deemed to have a permanent establishment if it carries on supervisory activities for more than 12 months in connection with a building site or construction or installation project.
Paragraph 5(b)	The term permanent establishment includes the use of substantial equipment or machinery for more than 12 months.

Article 6 – Income from Real Property

This Article recognises the internationally accepted practice in relation to income from land and the exploitation of land or landed property. The Article also applies to such items as rents, natural resource royalties, farming profits, etc. The principle of the Article is that income from "real property" may be taxed in the country **where the property is situated.** "Real property" is not defined in our general law but the Article provides extensive definition. Ships and aircraft are specifically excluded from the term "real property".

The Article involves no change in current practice in relation to the income covered.

Article 7 – Business Profits

This Article is in many respects a continuation of, and a corollary to, Article 5 on the definition of the concept of permanent establishment. Under Article 7 a Contracting State cannot tax the profits of an enterprise of the other Contracting State unless it carries on its business through a permanent establishment situated therein. If a permanent establishment exists the Article goes on to lay down a set of rules by reference to which are to be calculated the profits of the permanent establishment.

Before dealing with the salient features of the Article some comment is warranted on the importance of paragraph 7. This is because reference to this Article and Article 5 will not always be necessary to determine the liability of specific types of income. In effect paragraph 7 gives first preference to the other Articles in the Convention. It follows that this Article will only be applicable to business profits which do not belong to the categories of income covered by special Articles, and in addition, to dividends, interest and royalties which **specifically** come within the **circumstances** detailed in paragraphs 4 of Articles 10, 11 and 12, and consequently fall within Article 7.

(1) Paragraph 1 expresses the general rule that profits are taxable only in the country of residence unless the enterprise is engaged in business in the other country through a permanent establishment, in which case the other country through a permanent establishment, in which case the other country may tax the profits of the permanent establishment.

It is important to note that only income attributable **directly** to the permanent establishment's operations can form part of the establishment's operations. This does not mean that income which is not directly attributable to the establishment's operations escapes liability for tax (see above). For example, the restriction on the rate of tax imposed by paragraph 2 of Articles 10, 11 and 12, which concern dividend, interest and royalty payments respectively, would apply if such income did not arise from the permanent establishment's operations.

(2) Paragraph 2 contains the normal provision enabling arm's length profits to be attributed to the permanent establishment if necessary.

(3) Paragraph 3 merely expresses the taxpayer's right to deduct from the profits of the permanent establishment the expenses incurred for the purposes of the permanent establishment even if those expenses are incurred outside the country where the permanent establishment is situated.

(4) Paragraph 4 provides that where the profits to be attributed to a permanent establishment are determined, not on the basis of separate accounts or by making an estimate of arm's length profit, but simply by apportioning the total profits of the enterprise by reference to various formulae, then such a method may continue to be employed provided it has been customary to adopt such a practice. Such a method differs from those envisaged in paragraph 2 of Article 7, since it contemplates not an attribution of profits on a separate enterprise footing, but an apportionment of total profits. However, in general the profits to be attributed to a permanent establishment should be determined by reference to the establishment's accounts if these reflect the real facts. A method of allocation which is based on apportioning total profits is generally not as appropriate as a method which has regard only to the activities of the permanent establishment and should be used only where it has, as a matter of history, been customary in the past and is accepted by the Department and taxpayer as being satisfactory.

(5) Paragraph 5 precludes the attribution of profits to a permanent establishment by reason of merely purchasing activities carried on by the permanent establishment of the enterprise.

(6) Paragraph 6 provides that unless there are good and sufficient reasons to the contrary the profits attributed to a permanent establishment must be determined by the same method each year.

(7) Paragraph 7: refer comments above in second paragraph of explanation to this Article.

(8) In terms of paragraph 4 of the Protocol income from the business of any form of insurance is not subject to the provisions of this Article. Such income may be taxed in accordance with the domestic law of each country.

Article 8 – Shipping and Air Transport

(1) Under this Article profits from operating ships or aircraft in "international traffic" – definied in Article 3(1)(f) – are to be taxed only in the country in which the place of effective management of the enterprise is situated. International shipping and aircraft profits include income from:

(a) carriage of passengers and cargo;

(b) sale of passenger tickets on behalf of other enterprises;

(c) commercial advertising;

(d) charter fees (but refer paragraph (3) below).

(2) Due to the definition of "international traffic" exemption does not extend to profits derived from coastal traffic. Further, investment income of shipping and air transport enterprises is subject to the treatment ordinarily applied to that class of income, e.g., dividends derived would be subject to Article 10.

(3) Profits obtained from leasing a ship or aircraft on charter fully equipped, manned and supplied, whether or not the enterprise providing the ship or aircraft actually owns them, would be treated as profits from the operation of a ship or aircraft. However, the Article does not extend to profits from leasing a ship or aircraft on a bare boat charter basis **except** when it is an occasional source of income for an enterprise engaged in the international operation of ships or aircraft. Apart from this one exception, bare boat charter fees would normally be classified as business profits and consequently dealt with under Article 7.

Article 9 – Associated Enterprises

This is a standard Article enabling an arm's length profit to be attributed to associated enterprises.

Article 10 – Dividends

(1) Paragraph 1 of the Article simply states that dividends may be taxed in the State of the recipient's residence.

(2) Paragraph 2 provides that the Contracting State from which the dividends are paid also has the right to tax, but the maximum tax that can be imposed is not to exceed 15 percent of the gross amount of the dividends. Therefore, in terms of the Convention New Zealand's taxing rights will be restricted to 15 percent of the gross dividend even though the rate under domestic law is 30 percent. The Finnish tax is, however, reduced from a 25 percent domestic rate to 15 percent. In the case of New Zealand the limitation is to be achieved by withholding tax of 15 percent being deducted by companies paying the dividends to residents of Finland.

(3) Paragraph 3 defines "dividends" for the purposes of the Article. The effect is that "dividends" has the meaning given to it by section 4 of the Income Tax Act 1976.

(4) Paragraph 4 concerns shares which are effectively connected with a permanent establishment. The paragraph provides that in the State of source the dividends are taxable as part of the profits of the permanent establishment there owned by the recipient which is a resident of the other State, **provided** they are paid in respect of holdings forming part of the assets of the permanent establishment or otherwise effectively connected with that establishment. In effect this relieves the State of source of the dividends from the 15 percent limitation under the Article.

The rules set out above also apply where the recipient of the dividends has in the other State, for the purposes of performing any of the kinds of independent personal services mentioned in Article 14, a fixed base with which the holding in respect of which the dividends are paid is effectively connected.

Before 1 April 1982 these qualifications had no effect on the New Zealand tax position because our domestic law provided for a 15 percent final withholding tax in all cases on the gross payment and no Convention can extend the taxing rights under domestic law. However, in view of the change in the New Zealand domestic law from 1 April 1982 the New Zealand tax on dividends paid in respect of shares effectively connected with a permanent establishment is 30 percent.

(5) Paragraph 5: The main effect of this paragraph is that it restricts the application of taxes on undistributed profits. For example, New Zealand cannot impose excess retention tax on a privately controlled company which is a "resident of Finland". Under paragraph 5 of the Protocol bonus issue tax is excluded.

Article 11 – Interest

(1) Paragraph 1 affirms the taxing right of the State in which the recipient of the interest is a resident.

(2) Paragraph 2 also affirms the taxing right of the State in which the interest arises, but the maximum tax that can be imposed is not to exceed 10 percent of the gross amount of the interest. New Zealand's tax is therefore limited to 10 percent on gross interest paid to residents of Finland instead of the usual 15 percent.

(3) Paragraph 3 defines "interest" for the purposes of the Article. Penalty charges are excluded from the term as is income which would, because of a State's domestic law, be classified as a dividend. Therefore, in New Zealand, for example, interest received by debenture holders under debentures to which section 192 or 195 of the Income Tax Act 1976 applies would be dealt with under the dividend Article.

(4) Paragraph 4 provides that in the State of source interest is taxable as part of the profits of the permanent establishment there owned by a resident of the other State, **provided** the interest is paid in respect of debt-claims forming part of the assets of the permanent establishment or otherwise effectively connected with that establishment. In effect this paragraph relieves the State of source of the interest from any limitation under the Article.

The rules set out above also apply where the recipient of the interest has in the other State, for the purpose of performing any of the kinds of independent personal services mentioned in Article 14, a fixed base with which the debt-claim in respect of which the interest is paid is effectively connected.

These qualifications tie in with the New Zealand domestic law which provides that if a non-resident has a fixed establishment in New Zealand, then interest derived is not subject to non-resident withholding tax but is to be assessed on an annual basis.

(5) Paragraph 5 is a source rule and precludes argument as to the source of the interest.

The paragraph deals with interest arising through a permanent establishment or fixed base. Where a loan was contracted for the requirements of that establishment and the interest is borne by the latter, the paragraph determines that the source of the interest is in the Contracting State in which the permanent establishment is situated, leaving aside the place of residence of the owner of that establishment or base.

(6) Paragraph 6 is an anti-avoidance provision to ensure that only a reasonable interest payment is taxed at the reduced rate specified in the Convention.

Article 12 – Royalties

(1) Paragraph 1 affirms the taxing right of the State in which the recipient of the royalties is a resident.

(2) Paragraph 2 also affirms the taxing right of the State in which the royalty arises, but the maximum tax that can be imposed is not to exceed 10 percent of the gross amount of the royalty. New Zealand's tax is therefore limited to 10 percent on gross royalties paid to residents of Finland instead of the 15 percent minimum. In New Zealand the limitation is achieved by the payer of the royalties deducting 10 percent at the time of payment. In the case of royalties which are subject to annual assessment the tax is limited to 10 percent of the gross payment.

(3) Paragraph 3 defines "royalties" for the purposes of the Article. The term includes lump sum payments and certain rents. However, variable or fixed payments for the working of mineral deposits or other natural resources do not fall within the defined term as they are governed by Article 6.

It should be noted that if a payment is made in the form of rent rather than on a royalty basis and the payment comes within the term "royalties" then the 10 percent maximum rate on gross applies. However, rental payments do not constitute royalties under our domestic law and there is, therefore, no non-resident withholding tax applicable. Payments of this nature will be subject to an annual assessment on the net amount after expenses and if the tax so levied exceeds 10 percent of the gross rental, a rebate will be given by virtue of the Convention to bring the tax down to 10 percent of gross.

(4) Paragraph 4 provides that in the State of source royalties are taxable as part of the profits of the permanent establishment there owned by the recipient which is a resident of the other State, **provided** the right or property in respect of which the royalties are paid is effectively connected with that establishment. In effect this relieves the State of source of the royalties from the 10 percent limitation under the Article.

The rules set out above also apply where the recipient of the royalties has in the other State, for the purpose of performing any of the kinds of professional services mentioned in Article 14, a fixed base with which the right or property in respect of which the royalties are paid is effectively connected.

The comments relating to paragraph 4 of the Dividend Article apply equally here, except that New Zealand's domestic law in relation to royalties provides for a withholding tax rate of 15 percent final on copyright royalties or where the aggregate annual royalty payments do not exceed $1,000, while a minimum final tax applies in all other cases.

(5) Paragraphs 5 and 6: The comments to paragraphs 5 and 6 respectively of the Interest Article apply equally here.

Article 13 – Alienation of Property

(1) Paragraph 1 concerns income or gains derived from the alienation of **real** property. Income from such alienation may be taxed in the State where the property is situated. For example, if a resident of Finland sells at a profit real property situated in New Zealand the profit can be taxed in New Zealand if the New Zealand domestic law permits that taxation.

(2) Under paragraph 2 the Article also applies to income or gains from the alienation of shares in a company.

(3) Paragraph 3 deals with income or gains derived from the alienation of **personal** property forming part of the business property of a permanent establishment or pertaining to a fixed base used for the performing of independent personal services. This may be taxed in the State where the permanent establishment or fixed base is situated.

(4) Paragraph 4 provides that income or gains from the alienation of ships or aircraft operated in international traffic are taxable only in the State in which the place of effective management of the enterprise is situated.

(5) Paragraph 5 stipulates that any income or gains from any property not covered by the Articles is to be taxable only in the State which the alienator is a resident.

Article 14 – Independent Personal Services

(1) This Article concerns income from professional personal services (i.e., independent personal services) as distinct from income from dependent personal services (e.g., remuneration from salary or wages) which is dealt with separately under Article 15. Income from independent personal services is to be treated in much the same way as "business profits", that is, taxable only in the country of residence unless attributable to a fixed base available to the taxpayer in the other State. The term "fixed base" is intended to cover a centre of activity of a fixed or permanent character, for instance, a doctor's consulting room or the office of an architect or lawyer.

(2) The Article does not apply to artistes and athletes which are dealt with under Article 17.

Article 15 – Dependent Personal Services

(1) Paragraph 1 states the general rule that personal services performed by a resident of one of the Contracting States may be taxed in that other Contracting State only if the services are performed in that other Contracting State.

(2) Paragraph 2 states the case where exemption will be given by the State visited. The main requirements are that:

- the recipient of the income is present in the State visited for a period or periods in any fiscal year (income year) which does not exceed **in the aggregate** 183 days, and
- the remuneration is paid by an employer not resident in that State, and
- the remuneration is not connected with the activities of a permanent establishment or fixed base which the employer has in that State.

Initially New Zealand PAYE tax will be required to be deducted from the remuneration paid but will be refunded at the time of departure provided the requirements of the Article are fully met. In this respect a certificate must be obtained, by the person seeking exemption, from the Finnish tax authorities which certifies that that person is a resident of Finland for the purposes of Finnish tax.

(3) Paragraph 3 provides that remuneration derived from employment aboard a ship or aircraft operating in international traffic may be taxed in the State in which the place of effective management of the shipping or airline enterprise is situated. This means that if the place of effective management of the enterprise is in Finland then Finland has the right to tax the remuneration derived by the employee. New Zealand would allow credit for any Finnish tax on such remuneration if derived by a New Zealand resident of New Zealand.

Article 16 – Directors' Fees

This Article allows the State in which the company paying the fees or other similar payments is resident to have the right to tax such income. The income may also be taxed in the recipient's country of residence which would, therefore, have to allow credit for tax paid in the country of source.

Article 17 – Artistes and Athletes

(1) Paragraph 1 enables the State in which the entertainer or athlete is performing the services to tax the income derived from these personal activities.

(2) Paragraph 2 deals with the situation where income for the performance of an entertainer or athlete is not paid or paid in full to the entertainer or athlete himself but an enterprise providing the services of the entertainer or athlete. The paragraph permits the State in which the performance is given to impose a tax on the profits diverted from the income of the entertainer or athlete to the enterprise where, for instance, the entertainer or athlete has control over, or rights to, the income thus diverted or has obtained, or will obtain, some benefit directly or indirectly from that income. Without this paragraph the State where the services are being performed would in such cases, be unable to tax:

(a) because it would not be personal service income to the entertainer, and

(b) in the absence of a permanent establishment the payments could not be taxed as business profits in the hands of the enterprise.

Article 18 – Pensions

(1) Paragraph 1 gives the State of **residence** exclusive right to tax pensions where they are paid in consideration of past employment. However, this Article does not cover Government pensions paid in respect of services rendered which are dealt with in Article 19(2).

(2) Paragraph 2 states that social security pensions are taxable exclusively in the State paying the pensions, i.e., State of source, unless the recipient is a resident and a national of the other State in which case the social security pensions are taxable exclusively in the State of residence.

Article 19 – Government Service

This Article deals with remuneration paid to an individual in respect of services rendered to a State or political subdivision or local authority thereof.

(1) Paragraph 1 provides for two situations:

- Remuneration paid by a State in respect of services rendered to it by an individual shall be taxable only by that State, i.e., country of origin or source of the payment.
- However, such remuneration is taxable only in the country where the services are performed provided the services are performed there:
  - (i) by an individual who is a resident and also a national of that country, or
  - (ii) by an individual who is a resident of that country and did not become a resident of that country solely for the purpose of performing those services.

The second situation can be illustrated as follows.

Remuneration paid by the Finnish Government for services rendered in New Zealand by an individual who is a resident and national of New Zealand shall be taxed exclusively in New Zealand. This is still the position even though the individual, although a national of New Zealand, did become a resident of New Zealand for the purposes of rendering those services for the Finnish Government.

(2) Paragraph 2 provides that Government pensions for services rendered are taxed exclusively in the State of source **but**, if the recipient is a resident and a citizen of the other State, the pensions are taxable on a residence basis. This means that a Finnish Government pension paid to a resident of New Zealand is taxed only in Finland and exempt in New Zealand unless the recipient is also a citizen of New Zealand in which case the pension is taxed only in New Zealand and exempt in Finland.

(3) Paragraphs 1 and 2 do not apply if the services are performed in connection with business carried on by the State, or one of its political subdivisions or local authorities, paying the remuneration. Under paragraph 3 the ordinary rules apply: Article 15 for wages and salaries, Article 16 for directors' fees and Article 18 for pensions. Article 17 is not mentioned because paragraphs 1 and 2 of Article 19 are to apply to remuneration paid to artistes employed by the State irrespective of whether such artistes could be said to be rendering services in connection with business carried on by the State.

Article 20 – Students

This Article exempts from New Zealand tax maintenance, education or training payments received here from overseas by a student or business trainee from Finland. Note:

- The student or trainee must have been a resident of Finland immediately before he comes to New Zealand.
- He must be in New Zealand solely for the purpose of his education or training.
- The payments must be made from sources outside New Zealand.
- There is no time limit on the period spent in New Zealand.
- The exemption is restricted to the payments mentioned, i.e., for maintenance.

The converse applies to a New Zealand student or business trainee going to Finland.

Article 21 – Other Income

(1) This Article provides a general rule relating to income not dealt with in other Articles of the Convention. The income concerned is not only income of a class not expressly dealt with but also income from sources not expressly mentioned. The effect of the Article is that income derived by a resident of New Zealand is taxed exclusively in New Zealand unless the income is derived from sources in Finland. If the income is derived from sources in Finland it may also be taxed there and a credit for the Finnish tax is given in New Zealand, should that income be liable for New Zealand tax. The converse will apply in the case of a resident of Finland. Cases of conflict between two residences are to be determined by reference to Article 4.

(2) A secondary effect of the Article is to clarify the situation of income derived from a third country by a person who could be "resident in" both Finland and New Zealand under the general laws of each country. Under the Convention that person can be a "resident of" only one country. In such a situation the taxing rights are allocated to the country "of" which he is a resident.

Article 22 – Finnish Undivided Estates

Undivided estates in Finland are taxed as separate entities at progressive rates whilst the beneficiaries are not taxed on distributions. Under this Article Finland gives exemption or relief to the estate from tax on a New Zealand resident beneficiary's share of such estate income similar to exemption or relief provided to New Zealand residents under any of the provisions of the Convention. For example, Finland will limit its tax on a New Zealand resident beneficiary's share of interest derived from Finnish sources by the estate to the rate of 10 percent in accordance with Article 10. New Zealand will allow credit to the beneficiary for the tax so paid by the estate.

Article 23 – Methods for Elimination of Double Taxation

(1) This Article contains the normal rules whereby each State gives credit for the other State's tax when assessing its residents on income derived from sources in the other State. It should be noted that the credit provisions in the Article are subject to the domestic law of each country.

(2) Paragraph 1(b) is a source rule for the purposes of the Article to facilitate the allowance of a tax credit to New Zealand residents.

(3) As partnerships are subject to tax in Finland as separate entities paragraph 1(c) enables New Zealand to allow credit for a New Zealand resident's proportion of Finnish tax paid by a partnership.

Article 24 – Mutual Agreement Procedure

Article 25 – Exchange of Information

These are standard Articles and require no further comment.

Article 26 – Diplomatic and Consular Officials

The aim of this Article is to ensure that diplomatic or consular officials shall, under the Convention, receive no less favourable treatment than that to which they are entitled under international law or under special international agreements.

Article 27 – Territorial Extension

This is a standard Article and requires no additional comment.

Article 28 – Entry Into Force

This Article provides that the provisions of the Convention will apply as follows:

(a) In New Zealand to income assessable for an income year beginning on or after 1 April 1985;

(b) In Finland:

(i) in respect of taxes withheld at source, to income derived on or after 1 January 1985;

(ii) in respect of other taxes on income, to taxes chargeable for any taxable year beginning on or after 1 January 1985.

Article 29 – Termination

This Article sets out the procedure if either State wishes to terminate the Convention. Unless notice of termination is given in accordance with the Article the Convention continues indefinitely.

Protocol

The protocol deals with those items where some further explanation is required of points not covered in the Article concerned.

(1) Paragraph 1 provides that, with regard to New Zealand, the income tax specified in Article 2 does not include the bonus issue tax.

(2) Paragraph 2 clarifies the meaning of the term "place of effective management", mentioned in Articles 3, 4, 8, 13 and 15, as it applies to a person other than an individual, e.g., a company.

It is explained as being the place of the company's practical day to day management, irrespective of where the overriding control is exercised.

(3) Paragraph 3 clarifies the meaning of the term "enjoyment", used in Article 6, as resulting from a right to use or occupy the real property held by the company.

(4) Paragraph 4 provides that income from the business of any form of insurance is not subject to the provisions of Article 7. Such income may be taxed in accordance with the domestic law of each country.

(5) Paragraph 5 clarifies that the term "tax on the company's undistributed profits", referred to in Article 10, does not include New Zealand's bonus issue tax.

(6) Paragraph 6 provides for a review of the maximum rates of tax at source on dividends, interest and royalties, under Articles 10, 11 and 12 respectively of the Convention, should New Zealand agree to a lower rate in a subsequent convention with any other OECD member country.

(7) Paragraph 7 refers to the possible inclusion in the Convention of a non-discrimination article should New Zealand include such an article in a convention with any other country.

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