



## AGREEMENT OF 18<sup>TH</sup> MARCH, 2001

### Sudan

CONVENTION BETWEEN THE STATE OF THE UNITED ARAB EMIRATES AND THE REPUBLIC OF SUDAN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

The State of the United Arab Emirates and the Republic of Sudan, desiring to promote and strengthen their economic relations by concluding a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital, have agreed as follows:

#### Article 1

##### Persons Covered

This Convention shall apply to persons who are residents of one or both of the Contracting States.

#### Article 2

##### Taxes Covered

1. This Convention shall apply to taxes on income and on capital imposed on behalf of the Contracting State, or by its local governments, its local authorities, or regional administrative units, irrespective of the manner in which they are levied.
2. There shall be regarded as taxes on income and on capital all taxes imposed on total income, on total capital, or on elements of income or of capital including taxes on gains from the alienation of movable or immovable property, as well as taxes on capital appreciation.
3. The existing taxes to which this Convention shall apply are, in particular:
  - a) in the United Arab Emirates:
    - i. income tax
    - ii. company tax(hereinafter referred to as “the United Arab Emirates tax”);
  - b) in the Republic of Sudan,
    - A. the income tax includes:
      - business and company profits tax
      - income tax (salaries tax)



- (real estate tax)

**B.** capital gains tax

(hereinafter referred to as “the Republic of Sudan tax”).

4. The Convention shall apply also to any identical or substantially similar taxes on capital that are imposed after the date of signature of the Convention in addition to, or in place of, existing taxes as referred to in paragraph 3. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their respective taxation laws within a reasonable period following these changes.

### Article 3

#### General Definitions

1. For the purposes of this Convention, unless the context otherwise requires:

- a) the terms “Contracting State” and “the other Contracting State” mean the State of the United Arab Emirates or the Republic of Sudan, as the context requires;
- b) the term “the State of the United Arab Emirates,” when used in a geographical sense, refers to the country of the United Arab Emirates that includes its territorial waters, islands, economic development zones, continental shelf, and air space. It also includes natural resources over which the United Arab Emirates exercises sovereign rights and jurisdiction in accordance with the provisions of internal and international law;
- c) the term “the Republic of Sudan” refers to the Sudanese soil over which it exercises sovereignty, including its islands, territorial sea, economic development zones, continental shelf, and other territorial waters over which it exercises sovereign rights and jurisdiction in accordance with international law;
- d) the term “tax” means the United Arab Emirates tax or the Republic of Sudan tax as the context requires;
- e) the term “person” includes an individual, a company and any other body of persons established legally in either of the Contracting States;
- f) the term “company” means any body corporate or any other entity that is treated as a body corporate for tax purposes;
- g) the terms “enterprise of a Contracting State” and “enterprise of the other Contracting State” mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;





3. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, his status shall be determined as follows:

- a) he shall be deemed to be a resident only of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident only of the State with which his personal and economic relations are closer (center of vital interests);
- b) if the State in which he has his center of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident only of the State in which he has a habitual abode;
- c) if he has a habitual abode in both States or in neither of them, he shall be deemed to be a resident only of the State of which he is a national;
- d) if he is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

4. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, such person shall be deemed to be a resident of the Contracting State in which its place of effective management is situated.

## Article 5

### Permanent Establishment

1. For the purposes of this Convention, the term “permanent establishment” means a fixed place of business through which the business of an enterprise is wholly or partly carried on.

2. The term “permanent establishment” includes especially:

- a) a place of management;
- b) a branch;
- c) an office;
- d) a factory;
- e) a workhouse;
- f) a workshop;
- g) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources; and
- h) a farm or field.

3. The term “permanent establishment” also includes:



- a) a construction, installation or assembly site or project and the supervisory activities related thereto, but only when such site, construction project or activity lasts more than 18 months;
- b) the provision of services, including consulting services, performed by an enterprise of a Contracting State, through its employees or other personnel in the other State provided that such activities continue for the same project or a connected project for a period not to exceed in the aggregate twelve months;

**4.** Notwithstanding the preceding provisions of paragraphs 1 and 3, the term “permanent establishment” shall be deemed not to include:

- a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
- b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
- c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
- d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or collecting information for the enterprise;
- e) the maintenance of a fixed place of business solely for the purpose of any other activity of a preparatory or auxiliary character.
- f) the maintenance of a fixed place of business solely for any combination of the activities mentioned in sub-paragraphs (a) to (e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.
- g) the sale of merchandise or other goods belonging to an enterprise that are displayed in regional shows after the expiry of the show period, provided that the concerned parties or companies shall satisfy all conditions required by both Contracting States.

**5.** Notwithstanding the provisions of paragraphs 1 and 2 of this Article, where a person -- other than an agent of an independent status to whom paragraph 2 of this Article applies -- is acting on behalf of an enterprise in the other Contracting State, it shall be deemed to have a permanent establishment in that State:

- a) if it has in the Contracting State an authority to conclude contracts in the name of the enterprise;
- b) if it has in the Contracting State a stock of goods for regular sale in the name of or on behalf of the enterprise; or
- c) if the activities of such person are limited to those referred to in paragraph 4 which, if exercised through a fixed place of business, would not make this



fixed place of business a permanent establishment under the provisions of that paragraph.

6. An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that State through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business and that their commercial or financial relations with said enterprises are not based on or subject to terms accepted or imposed that are different from those that are generally agreed upon by independent agents.

7. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

8. Notwithstanding the provisions of paragraph 3 of Article 12, profits resulting from the activities of the enterprise, including planning, business, design, research and technical services undertaken by a resident of either of the Contracting States regarding a construction site or an installation or building project in the other Contracting State, such activities shall not be attributed to the construction site or installation or building project if they are performed outside the other Contracting State, provided that such costs shall be disregarded upon the determination of the net income subject to tax.

## **Article 6**

### **Income From Immovable Property**

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State, provided that the amount of such taxes be reduced by 50 percent.

2. The term “immovable property” shall have the meaning which it has under the laws of the Contracting State in which the property in question is situated. The term in any case shall include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources. Ships and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting or use in any other form of immovable property.

4. The provisions of paragraphs 1 and 3 above shall also apply to the income from immovable property of an enterprise used for the performance of independent personal services.

## **Article 7**

### **Business Profits**

1. The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.
2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.
3. Insofar as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this Article.
4. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.
5. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.
6. Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

## **Article 8**

### **International Transport**

1. Notwithstanding the provisions of Article 7, profits from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.
2. If the place of effective management of a shipping enterprise is aboard a ship, then it shall be deemed to be situated in the Contracting State in which the home harbor of the ship is situated, or if there is no such home harbor, in the Contracting State of which the operator of the ship is a resident.
3. The provisions of paragraph 1 shall also apply to profits generated from participation in a pool, a joint business or an international agency for the operation of ships or aircraft.
4. For the purposes of paragraph 1, profits from the operation of ships or aircraft in international traffic shall mean profits derived by the enterprise indicated in paragraph 1 above, resulting from the activities of passenger transport by sea or air, and the transport of goods. They will also include:
  - a) the charter or rental of ships and aircraft for such transport;



- b) the rental of containers and related equipment used in the operation of ships and aircraft in international transport;
- c) profits generated from deposits related directly to the operations of ships or aircraft;
- d) profits generated from maintenance services provided to third parties.

5. Profits derived by an air transport company from its activities, including profits arising from incidental operations related to such activities, shall be exempted from the tax levied on the revenues of movable capital and commercial and industrial profits or the tax levied on the profits of financial companies in both Contracting States.

6. Air transport companies owned by

the State of the United Arab Emirates are:

- 1) Emirates Airlines;
- 2) Gulf Air; and
- 3) any company operated by the State of the United Arab Emirates or its local governments;

the Republic of Sudan are:

- 1) Sudanese Airways; and
- 2) any company operated by the Republic of Sudan or its regional governments.

## **Article 9 Associated Enterprises**

1. Where

- a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or
- b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

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 Contracting State includes in the profits of an enterprise of that State – and taxes accordingly – profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of the Convention and the competent authorities of the Contracting States shall, if necessary, consult each other.

## **Article 10** **Dividends**

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State shall be taxable only in that other State.

2. The term “dividends” as used in this Article means income from shares, jouissance shares and rights, mining shares and founders’ shares or other rights, not being debt-claims, participating in profits, as well as income deemed to be a distribution under the tax law of the Contracting State of which the company making the distribution is a resident.

3. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident through a permanent establishment situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment. In such case, the provisions of Article 7 or Article 14, as the case may be, shall apply.

4. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment situated in that other State, nor subject the company’s undistributed profits to a tax on the company’s undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

## **Article 11** **Interest**

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State.

2. The term “interest” as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage, and, in particular, income from government securities and income from bonds or debentures, including premiums attaching to such securities, bonds or debentures. Penalty charges for late payments shall not be regarded as interest for purposes of this Article.



3. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment. In such case, the provisions of Article 7 or Article 14, as the case may be, shall apply.

4. Interest shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the State in which the permanent establishment is situated.

5. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest that for any reason exceeds the amount the payer and the beneficial owner would have agreed upon in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

## **Article 12** **Royalties**

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed 5 percent (five percent) of the gross amount of the royalties. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, royalties paid to the government of either Contracting State, its local governments or its financial entities shall be exempted from tax.

4. The term “royalties” as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematographic films or movies, tapes and other means of image or sound reproduction, any patent, trademark, design or model, plan, secret formula or process or other similar property or right, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience (“know-how”).

5. The provisions of paragraph 1 of this Article shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment. In such cases, the provisions of Article 7 or Article 14 shall apply.



6. Royalties shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment, then the royalties shall be deemed to arise in the State in which the permanent establishment is situated.

7. Where by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

## **Article 13 Capital Gains**

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in that other State, provided that the amount of such taxes be reduced by 50 percent.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise), may be taxed in that other State and reduced by 50 percent.

3. Gains from the alienation of ships or aircraft operated in international traffic, or of movable property pertaining to the operation of such ships or aircraft, shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

4. Gains from the alienation of any property other than that referred to in paragraphs 1, 2 and 3 above shall be taxable only in the Contracting State of which the alienator is a resident.

## **Article 14 Independent Personal Services**

1. Income derived by a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that State unless such resident has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities; in that case, only so much of the income as is attributable to that fixed base may be taxed in that other Contracting State.

2. The term “professional services” includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

## **Article 15**

### **Dependent Personal Services**

1. Subject to the provisions of Articles 16, 18, 19 and 20 of this Convention, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.
2. Notwithstanding the provisions of paragraph 1 above, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:
  - (a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in any 12-month period commencing or ending in the fiscal year concerned; and
  - (b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and
  - (c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.
3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic may be taxed in the Contracting State in which the place of effective management of the enterprise is situated.
4. Ground staff employed by the national aviation main office of the other Contracting State shall be exempted from taxes imposed on their salaries and other remunerations.

## **Article 16**

### **Directors' Fees**

Directors' fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors or any similar entity of a company which is a resident of the other Contracting State may be taxed in that other State.

## **Article 17**

### **Artistes and Sportspersons**

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as an entertainer, such as a theater, motion picture, radio or television artiste, or a musician, or as a sportsperson, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State.



2. Where income in respect of personal activities exercised by an entertainer or a sports person in his capacity as such accrues not to the entertainer or sports person himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or sports person are exercised.

3. Notwithstanding the provisions of paragraphs 1 and 2 above, income derived in respect of personal activities exercised by an entertainer or a sports person who is a resident of a Contracting State may be taxed only in such State if such activities have been performed in the other Contracting State within the framework of cultural or sports exchange agreed upon between the two Contracting States.

## **Article 18** **Pensions**

Subject to the provisions of paragraph 2 of Article 19, pensions and other similar remuneration paid to a resident of a Contracting State in consideration of past employment and any annuity paid to such a resident shall be taxable only in that State.

## **Article 19** **Government Services**

1. Wages, salaries and other remuneration paid by the government of a Contracting State or a local authority thereof shall be taxable only in that State.

2. The provisions of Articles 15, 16, 17 and 18 shall apply to wages, salaries and other remuneration as well as pensions in respect of services rendered in connection with a business carried on by a Contracting State, a political subdivision or a local authority thereof.

## **Article 20** **Professors and Researchers**

A professor or researcher who visits a Contracting State upon the invitation of said State or any of its universities or educational or cultural institutions, or who visits a Contracting State within the framework of a program for cultural exchange and scientific research with the aim of teaching, giving lectures or doing research work for said institution if he is a resident or has been a resident of the other Contracting State directly before such visit, he shall be exempted from tax in the first-mentioned State on any remuneration for such activities.

## **Article 21** **Students**

1. Payments which a student or trainee who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned State 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 State, provided that such payments arise from sources outside that State.

2. The provisions of paragraph 1 shall also apply to income arising from employment which he exercises in such State for the purpose of his maintenance.

## **Article 22**

### **Other Income**

1. Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Convention shall be taxable only in that State.

2. The provisions of paragraph 1 of this Article shall not apply to the activities of charities or the incomes of the charitable bodies which run such charities. Such activities shall be exempted from all kinds of taxes and fees levied in the other Contracting State.

## **Article 23**

### **Capital**

1. Capital represented by immovable property referred to in Article 6, owned by a resident of a Contracting State and situated in the other Contracting State, may be taxed in that other State, provided that the tax be reduced by 50 percent.

2. Capital represented by movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or by movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, may be taxed in the State where the permanent establishment or the fixed base is located, provided that the tax be reduced by 50 percent. However, the public sector enterprises shall be exempted from said tax.

3. Capital represented by ships or aircraft operated by an enterprise of a Contracting State in international traffic and by movable property pertaining to the operation of such ships and aircraft shall be taxable only in that State.

## **Article 24**

### **Income Paid to Governments and Authorities Related Thereto**

1. Notwithstanding the provisions of this Convention, any income paid to the government of a Contracting State shall be exempted from taxes and fees in the other Contracting State.

2. For the purposes of paragraph 1 of this Article, the term “government” means:

a) with respect to the Republic of Sudan:



1. the federal government, local governments and regional administrative units;
2. any establishment or government organization, as agreed upon from time to time between the two Contracting States;
  - b) with respect to the State of the United Arab Emirates:
    1. local authorities and local governments;
    2. the Central Bank, Abu Dhabi Investment Fund and Abu Dhabi Development Fund;
3. any establishment or government organization, as agreed upon from time to time between the two Contracting States.

## Article 25

### Methods for the Elimination of Double Taxation

Double taxation shall be avoided as follows:

1. Where a resident of a Contracting State derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in the other Contracting State, the first-mentioned State shall allow a deduction from the tax on the income or the capital, taking into consideration the provisions of paragraphs 2 and 3 of this Article.
2. Where a resident of a Contracting State derives items of income which, in accordance with the provisions of this Convention, 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.
3. Where, in accordance with any provision of this 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 other income or capital, take into account the exempted income or capital.

## Special Provisions

### Article 26

#### Non-Discrimination



1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances, in particular with respect to residence, are or may be subjected.
2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favorably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.
3. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.

## **Article 27**

### **Mutual Agreement Procedure**

1. Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 26, to that of the Contracting State of which he is a national. 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 the Convention.
2. The competent authority shall endeavor, 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 Contracting State, with a view to the avoidance of taxation which is not in accordance with the Convention. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.
3. The competent authorities of the Contracting States shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. In particular, they may also consult together for the elimination of double taxation in cases not provided for in the Convention.
4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

## **Article 28**

### **Exchange of Information**



1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the Contracting States concerning taxes covered by the Convention insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by this paragraph. Any information so exchanged shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to the taxes which are the subject of the Convention. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

2. In no case shall the provisions of paragraph 1 above be construed so as to impose on a Contracting State the obligation:

- a) to carry out administrative measures at variance with the laws of that or of the other Contracting State;
- b) to supply information which is not obtainable under the laws of that or of the other Contracting State;
- c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy (ordre public).

## **Article 29**

### **Members of Diplomatic Missions and Consular Posts**

The provisions of this Convention shall not affect the fiscal privileges of members of diplomatic missions or consular posts under the general rules of international law or under the provisions of special agreements.

## **Article 30**

### **Entry Into Force**

1. The Convention shall enter into force upon the exchange of instruments of ratification and its provisions shall apply:

- a) in respect of income tax withheld at source, on amounts paid or credited on or after the first day of January in the calendar year next following that in which the Convention enters into force.
- b) in respect of taxes on income or on capital, for taxable periods beginning on or after the first day of January in the calendar year next following that in which the Convention enters into force.



## Article 31 Termination

1. This Convention shall remain in force indefinitely, but either Contracting State may terminate the Convention, through diplomatic channels, by giving the other Contracting State notice of termination no later than June 30 of the year indicated in said notice. However, such notice shall only be effective after the expiration of a period of five calendar years from the date of signature of this Convention. In such event, the Convention shall cease to have effect, and consequently its provisions shall no longer apply:

- a) in respect of income tax withheld at source, from the first day of January in the calendar year following the year indicated in the Convention termination notice.
- b) in respect of other taxes, for any financial year beginning on or after the first day of January in the calendar year following the year indicated in the Convention termination notice.