

EXPLANATORY MEMORANDUM
ON THE DOUBLE TAXATION CONVENTION
BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF SOUTH AFRICA
AND
THE GOVERNMENT OF THE KINGDOM OF SAUDI ARABIA

It is the practice in most countries for income tax to be imposed both on the world-wide income derived by residents of the country and on income derived by non-residents which arises in the country. The effect of such a system is that income derived by a resident of one country from a source in another country is subjected to tax in both countries. As this position clearly discourages foreign investment, it is normal for countries which have trade relations to conclude double taxation conventions. Such conventions commonly provide that income of a particular nature will either be taxable in only one of the countries, or may be taxed in both countries with one of them allowing a credit for the tax imposed by the other.

The Convention concluded with Saudi Arabia closely follows the OECD Model. In the explanation which follows, the general principles of each Article of the Convention are set out.

The entire text has been made gender neutral.

Preamble

The Preamble records that the object of the Convention is to avoid double taxation and prevent tax evasion.

Article 1

Persons Covered

The Convention is made applicable to persons who are residents of one or both of the Contracting States. This means, *inter alia*, that a citizen of one of the States who is resident in a third State will not enjoy the benefits of the Convention, apart from the non-discrimination provisions.

Article 2

Taxes Covered

Paragraphs 1 and 2 of this Article provide that the Convention will apply to all taxes on income and on capital imposed by the two States irrespective of the manner in which they are levied.

Paragraph 3 lists the existing taxes imposed by each State and paragraph 4 provides that the Convention will also apply to identical or substantially similar taxes that are subsequently imposed by either State.

Article 3

General Definitions

This Article defines various expressions which are used in the body of the Convention. Several of these definitions are self-evident and are not further explained.

The definition of “South Africa” includes not only the sovereign territory but also those areas outside its territorial sea over which it may exercise jurisdiction in accordance with international law, for example, in relation to the exploitation of natural resources.

“International traffic” is defined as any transport by ship or aircraft operated by an enterprise which has its place of effective management in a Contracting State, except when the ship or aircraft is operated solely between places in the other State. Special provisions are contained in Article 8 for the taxation of international traffic. The effect of the exclusion mentioned above is that should a Saudi company operate a purely domestic airline operation within South Africa, that operation will not fall to be dealt with under Article 8, but rather under Article 7 which deals with business profits in general. This provision is intended to place that operation on the same footing as South African domestic airlines.

Paragraph 2 follows the OECD Model in providing that expressions not defined in the Convention bear the meaning that they have under the domestic taxation laws of the States at the time of application of the provisions of the Convention. Any meaning under the taxation laws will take precedence over a meaning under other laws of the State.

Article 4

Resident

The concept of “resident of a Contracting State” is used throughout the Convention and is of importance in three cases:

- (a) in determining the Convention’s personal scope of application as set out in Article 1;
- (b) in solving cases where double taxation arises because of dual residence;
- (c) in solving cases where double taxation arises as a consequence of taxation in the State of residence and in the State in which the income arose, the State of source.

This Article defines the meaning of the term and further solves cases of dual residence.

In subparagraph 1(a) the term “resident of a Contracting State” is defined. The definition refers to the concept of residence adopted in the domestic law of each of the Contracting States. As criteria for the taxation as a resident, domicile, residence, place of management or any other criterion of a similar nature is used in the definition. The term “resident” also includes specific reference to the State itself.

Subparagraph 1(b) includes reference to legal persons organised under the laws of a Contracting State which are generally exempt from tax in that State and also established and maintained in that State, either exclusively for religious, charitable, educational, scientific or other similar purposes or to provide pensions or other similar benefits to employees pursuant to a pension plan.

Paragraph 2 provides solutions to cases where individuals are residents of both Contracting States and sets out a step by step method of finally deciding which State has a preferent right in claiming the individual as its resident.

Paragraph 3 deals with companies and other bodies of persons who are not individuals but who are residents of both States and specifies that in these cases the State in which the place of effective management is situated will have the preferent right to claim the company or body of persons as its resident.

Article 5

Permanent Establishment

One of the main goals of the Convention is to determine the right of a Contracting State to tax the profits of an enterprise of the other Contracting State which arise through a permanent establishment situated in the first-mentioned State. The Article defines what is to be regarded as a permanent establishment.

Paragraph 1 gives a general definition of a “permanent establishment” as being a fixed place of business through which the business of an enterprise is carried on.

Paragraph 2 contains a list, which is not exhaustive, of what is regarded to be a permanent establishment.

Paragraph 3(a) provides expressly that a building site or construction, assembly or installation project will constitute a permanent establishment only if it continues for more than six months. Supervisory activities carried on in a Contracting State in connection with such a site or project will also constitute a permanent establishment if the activities continue for more than six months and irrespective of the fact that the enterprise carrying on such activities has no fixed place of business in that State.

Paragraph 3(b) introduces provisions dealing with the furnishing of services through employees of an enterprise or other personnel engaged by that enterprise and specifies that a permanent establishment will be deemed to exist, despite there being no fixed place of business, if such services are rendered in a State for a period or periods aggregating more than six months in any twelve-month period commencing or ending in the fiscal year concerned.

A number of preparatory or auxiliary activities which are treated as exceptions to the general definition laid down in paragraph 1 are set out in paragraph 4. The paragraph specifies that the term “permanent establishment” will not include the various activities set out therein and the Contracting State in which these activities take place will consequently not be able to tax any profits which might arise from these activities if these are the only activities which occur. This paragraph differs in subparagraphs (a) and (b) by the omission of any reference to “delivery” of goods or merchandise. This is in line with the UN Model and will result in a permanent establishment being deemed to exist in cases where a warehouse is used for the purpose of delivery of goods.

Paragraph 5 sets out the generally accepted principle that an enterprise will be treated as having a permanent establishment in a Contracting State if it carries on business in that State through an agent situated in that State, provided that the agent is not of an independent status and provided that such agent:

- (a) has the power to conclude contracts in the name of the enterprise and provided that the activities are activities other than those mentioned in paragraph 4; or
- (b) maintains a stock of goods in that State in respect of which orders are regularly delivered.

Paragraph 6 deals with the situation where an enterprise of a Contracting State carries on business through an independent agent in the other Contracting State and provides that no permanent establishment will be deemed to exist if the activities are carried on through such an agent who is acting in the normal course of business.

Paragraph 7 sets out the principle that the existence of a subsidiary company does not, of itself, constitute that subsidiary company a permanent establishment of its parent company. This follows from the principle that for tax purposes a subsidiary company constitutes an independent legal entity and will be taxed in its State of residence on its own profits.

Article 6

Income from Immovable Property

Paragraph 1 provides that income from immovable property may be taxed in the State in which the property is situated. Income from agriculture and forestry is specifically included in this rule.

Paragraph 2 establishes the general rule that what constitutes fixed property will be decided under the law of the State in which the property is situated. Nevertheless, property accessory to fixed property and livestock and equipment used in agriculture and forestry as well as for the breeding or cultivation of fish are specifically included. So too are usufructs and payments for the right to extract minerals and other natural resources.

Paragraph 3 makes it clear that the rule established in paragraph 1 applies irrespective of the manner in which the property is exploited.

Paragraph 4 provides that the provisions of paragraphs 1 and 3 also apply to income derived from fixed property owned by an enterprise or which is used for the performance of independent personal services. In the absence of this provision, it might be argued that this income should be dealt with in terms of the provisions of Article 7 or 14, which establish somewhat different rules for the treatment of business profits and independent personal service income.

Article 7

Business Profits

This Article deals with the taxation of business profits and is to be read together with Article 5 as it uses the test of "permanent establishment" in determining where such profits are to be taxed.

Paragraph 1 specifies that the profits of an enterprise which is a resident of a Contracting State are taxable in that State unless it carries on business in the other Contracting State through a permanent establishment situated in that other State in which case that other State may tax the profits which are attributable to that permanent establishment.

Paragraph 2 deals with the allocation of profits to a permanent establishment and specifies that the profits which are to be attributed to the permanent establishment are those which it would have made if it had been dealing with entirely separate enterprises under arms-length conditions and not with its head office.

Paragraph 3 recognises the fact that in calculating the profits of a permanent establishment, allowance must be made for certain expenses, wherever incurred, which were incurred for the purposes of the permanent establishment. Royalties, fees and other similar payments made to the head office are excluded if not made towards the reimbursement of actual expenses. For example, if the head office incurs general administrative expenses it is most likely that a portion of those expenses was in fact incurred on behalf of the permanent establishment and it will therefore be necessary to allocate that portion of the expenses to the permanent establishment in determining its profits. The emphasis here is on the fact that the expenses must have been actually incurred - as mentioned, notional charges are excluded, for example, management fees.

Paragraph 4 provides that business profits derived by an enterprise of a Contracting State from the export of merchandise to a permanent establishment which the enterprise has in the other Contracting State, shall not be taxed in that other State. However, should the contract for the export of merchandise include other activities which are carried on through a permanent establishment of the enterprise in the other State, then that other State may tax the profits derived from those other activities.

Paragraph 5 includes a provision which enables each State to apply its domestic law (in operation on the date of signature of the Convention) in taxing profits from insurance with non-residents.

Paragraph 6 deals with the situation where a permanent establishment which, although carrying on other business, also carries on purchasing for its head office. The paragraph provides that the profits which are attributed to the permanent establishment cannot be increased by the addition of a notional figure for profits from such purchases which are actually earned by the head office.

Paragraph 7 stipulates that the method of allocation of profits to the permanent establishment should not be changed merely for the reason that a different method may result in more profit becoming taxable in the State of residence of the permanent establishment. This also establishes a degree of certainty regarding the tax treatment to be expected in the State in which the permanent establishment is situated.

It is possible that the term “profits” could include other items of income which are dealt with in other Articles of the Convention. Paragraph 8 stipulates that the preceding provisions of Article 7 shall not affect the provisions of such other Articles. An example of this is where profits include interest which is dealt with separately under Article 11.

In paragraph 9 the term “business profits” is defined as including but not limited to income from manufacturing, trade, banking, insurance, etc.

Article 8

Shipping and Air Transport

Paragraph 1 provides that profits derived by an enterprise of a Contracting State from the operation of ships or aircraft in international traffic are taxable only in the State where the place of effective management of the enterprise is situated. Thus, for example, profits derived by South African Airways from its flights into and out of airports in Saudi Arabia are taxable only in South Africa.

Paragraph 2 provides for the situation where a shipping enterprise is managed on board a ship or boat. In that case, the profits of the enterprise are taxable in the State where the home harbour of the ship or boat is situated or, if it does not have a home harbour, in the State of which the operator is a resident.

Paragraph 3 specifies that profits derived from the rental on a bareboat basis of ships or aircraft used in international traffic and profits from the use or rental of containers which are incidental to the profits mentioned in paragraph 1, are also taxable in accordance with Article 8. It should be mentioned that where such income is not incidental to international traffic operations, but rather constitutes an independent business in its own right, it will fall to be dealt with under either Article 7 or Article 14 as business income.

Paragraph 4 provides that the provisions of paragraph 1 are also applicable where the business is conducted through a pool, a joint business or an international operating agency.

Article 9

Associated Enterprises

This Article deals with associated enterprises and in paragraph 1 provides that a Contracting State may recalculate the profits of the enterprises if they have created conditions between themselves which would not be created by enterprises dealing at arms-length with each other. This paragraph is effective in dealing with the effects of transfer pricing between associated enterprises. The concept of what is regarded as being an associated enterprise is also set out in this paragraph.

The recalculation of profits envisaged in paragraph 1 may of course result in double taxation if, for example, one of the Contracting States increases the profits of its enterprise, and subjects the increased amount to tax, although such increased amount may already have been subjected to tax in the hands of its associated enterprise in the other Contracting State.

The provisions of paragraph 2 allow that other State to make a corresponding adjustment to the profits of the associated enterprise and, in so doing, avoid double taxation. It should be noted that the paragraph provides for consultation between the States in deciding on such adjustment.

Article 10

Dividends

Paragraphs 1 and 2 of this Article provide for the common international tax treatment of cross-border dividends, in terms of which the State in which the dividends are declared may impose a limited withholding tax and the State in which the dividends are received may impose full tax.

The limitation on withholding tax rates in the source State imposed by paragraph 2 is as follows:

- (a) where the shareholder is a company which holds directly at least 10 per cent of the capital of the company declaring the dividend, the tax is limited to 5 per cent of the gross dividend. This limitation is intended to encourage substantial (i.e. at least 10 per cent) investment by companies in one State in subsidiaries in the other State;
- (b) where the minimum holding of 10 per cent is not met (i.e. portfolio share investments) the rate of tax is limited to 10 per cent.

Both the above limitations apply only if the registered shareholder is also the beneficial holder, i.e. the limitation does not apply to nominee shareholders.

Paragraph 3 contains the standard definition of what constitutes a dividend.

Paragraph 4 provides that this Article will not apply in cases where a resident of one State carries on business in the other State through a permanent establishment or fixed base situated therein and derives dividends from shares the holding of which is effectively connected with the permanent establishment or fixed base. For example, if a South African company carrying on a manufacturing business through a permanent establishment in Saudi Arabia were to purchase the shares of a Saudi company which supplies it with raw materials, the dividends derived by the South African company on those shares could be taxed in Saudi Arabia as part of the business profits of the permanent establishment.

Paragraph 5 deals with the limitation of the right of one of the States to impose tax on dividends declared by, or the undistributed profits of, a company which is a resident of the other State. One situation in which tax may be imposed, is where the shareholding is effectively connected with a permanent establishment or a fixed base situated in that other State, as mentioned in relation to paragraph 4 above.

The second situation can best be explained through an example of a Saudi company which carries on business through a branch in South Africa. The paragraph provides that South Africa may not impose tax on the dividends declared by the Saudi company, even though its profits are partly derived in South Africa, except in so far as the dividends are received by South African resident shareholders.

Article 11

Income from Debt-claims

This Article deals with the taxation of income in the form of debt-claims.

Paragraph 1 specifies that income from debt-claims which arises in a Contracting State and is paid to a resident of the other Contracting State may be taxed in the State of residence.

Paragraph 2 gives a right of taxation to the source State but limits the amount of tax to 5 per cent of the gross amount of the income from debt-claims provided that the beneficial owner of the income from debt-claims is a resident of the other Contracting State.

Paragraph 3 contains the standard definition of what is to be regarded as income from debt-claims.

Paragraph 4 specifies that if the beneficial owner of income from debt-claims carries on business in the Contracting State in which the income from debt-claims arises through a permanent establishment or a fixed base situated in that State, the income from debt-claims may be taxed in that State if the debt in respect of which the income from debt-claims is paid is connected to that permanent establishment or fixed base. The provisions of Article 11 will not apply to such income from debt-claims but rather the provisions in Article 7 in the case of a permanent establishment or Article 14 in the case of a fixed base. This paragraph is similar to paragraph 4 of Article 10 dealing with dividends.

Paragraph 5 lays down the principle that the State of source of the income from debt-claims is the State of which the payer of the income from debt-claims is a resident. It also provides for an exception to this rule in the case of interest-bearing loans which have an economic link with a permanent establishment or a fixed base operated in the other Contracting State by the payer of the income from debt-claims. If the loan was contracted for the requirements of the permanent establishment or fixed base and the income from debt-claims is borne by such permanent establishment or fixed base, the paragraph specifies that the source of the income from debt-claims is the Contracting State in which the permanent establishment or fixed base is situated.

The purpose of paragraph 6 is to restrict the operation of the provisions of this Article with regard to the taxation of income from debt-claims in cases where there is a special relationship between the beneficial owner of the income from debt-claims and the payer or between both of them and a third party. If, in the presence of this relationship, the interest paid exceeds the income from debt-claims which would have been paid in the absence of such a relationship, the provisions of this Article will not apply to the amount of the income from debt-claims which is considered to be excessive and such excessive amount will remain taxable in accordance with the laws of both Contracting States. The limitation placed on the source State under paragraph 2 will in such circumstances be negated in respect of the excessive amount. This is an anti-avoidance provision.

Article 12

Royalties

This Article deals with royalties and paragraph 1 provides that royalties which arise in a Contracting State and are paid to a resident of the other Contracting State may be taxed in the State of residence.

Paragraph 2 gives a right of taxation to the source State but limits the amount of tax to 10 per cent of the gross amount of the royalties provided that the beneficial owner of the royalties is a resident of the other Contracting State.

Paragraph 3 defines which payments will constitute royalties for purposes of the Article. It includes amounts normally understood as royalties, such as patents, copyrights, trade marks, etc, and also includes payments for the use of, or right to use, industrial, commercial or scientific experience (know-how). Payments for the use of, or right to use, industrial, commercial or scientific equipment are also included. Payments of this nature are mostly dealt with under Article 7 which deals with business income.

Paragraph 4 provides that the provisions of paragraphs 1 and 2 will not apply if the beneficial owner of the royalties carries on business or performs independent personal services in the State in which the royalties arise through a permanent establishment or fixed base and the royalties are effectively connected with that permanent establishment or fixed base. In this case, the royalties are in effect regarded as part of the business profits of the permanent establishment or fixed base and may be taxed by the source State. This paragraph is similar to paragraph 4 of Article 10 dealing with dividends and paragraph 4 of Article 11 dealing with income from debt-claims.

An example of where this paragraph would apply would be a Saudi company with a permanent office in South Africa through which it sold franchise rights for the use of its product brand. South Africa would in this case be entitled to tax the franchise payments received by the Saudi company.

Paragraph 5 lays down the principle that the State of source of the royalties is the State of which the payer of the royalties is a resident. It also provides for an exception to this rule in the case of royalties which have an economic link with a permanent establishment or a fixed base operated in the other Contracting State by the payer of the royalties. If the liability to pay the royalties was incurred by the permanent establishment or a fixed base and the royalties are borne by such permanent establishment or fixed base, the paragraph specifies that the source of the royalties is the Contracting State in which the permanent establishment or fixed base is situated.

Paragraph 6 contains an anti-transfer pricing provision. Where the payer and recipient of a royalty are connected persons and the royalty is excessive, the source State may tax the portion which is excessive according to its laws – in other words, the limitation set out in paragraph 2 would only apply to the portion of the royalty which meets the arms-length test.

Article 13

Capital Gains

The Article deals with the taxation of capital gains and covers all kinds of taxes which are imposed on such gains.

Paragraph 1 specifies that the right to tax gains derived from the alienation of immovable property is also given to the Contracting State in which the property is situated although the alienator may be a resident of the other Contracting State.

Paragraph 2 deals with the alienation of movable property which forms part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State. It provides that gains from the alienation of such property may also be taxed in the State in which such permanent establishment or fixed base is situated and also includes gains from the alienation of the permanent establishment or fixed base as such.

Paragraph 3 provides that gains from the alienation of ships or aircraft in international traffic or movable property related to the operation of such ships or aircraft are taxable only in the State in which the place of effective management of the enterprise is situated. This follows the principle laid down in Article 8 with regard to the taxation of the business profits of such an enterprise.

Paragraph 4 specifies that gains derived from the alienation of shares in a company, the property of which consists, directly or indirectly principally of immovable property may be taxed in the State in which they are situated. This follows the normal taxing principle in this Article.

Paragraph 5 introduces the UN principle that gains from the sale of shares representing a participation of at least 25 per cent in a company may be taxed in the State in which the company is a resident. This means that residents of Saudi Arabia are clearly subject to South African tax on speculative share deals in South African companies.

Paragraph 6 specifies that gains from the alienation of any property not covered by the preceding paragraphs of this Article shall be taxable only in the State of residence of the alienator of the property.

Article 14

Independent Personal Services

Paragraph 1 provides the general rule that income from independent personal services derived by a resident of a State may be taxed only in that State. The other (source) State is entitled to impose tax only if;

- (a) the individual performing the services has a fixed base regularly available to the individual in that other State, and then it may tax only the income attributable to that fixed base; or
- (b) the individual is present in that other State for more than an aggregate of 183 days in any twelve-month period commencing or ending in the fiscal year concerned, in which case the income attributable to those services in that State may be taxed in that State; or
- (c) the remuneration for the individual's activities in that other State is derived by a resident of that State or is borne by a permanent establishment situated in that State and exceeds the equivalent of 100 000 US dollars in the fiscal year concerned.

Paragraph 2 defines professional services but the definition is not exhaustive.

Article 15

Dependent Personal Services

Paragraph 1 lays down the principle that remuneration derived in respect of an employment is taxable only in the State of residence of the employee unless the services in respect thereof are rendered in the other Contracting State, in which case the remuneration arising from the services rendered in the other State may also be taxed in that other State.

Paragraph 2 limits the right of taxation of the State in which the services are rendered (the source State) in that remuneration for services rendered in that State is taxable only in the State of residence if the following conditions are met:

- (a) the employee is present in the source State for a period or periods not exceeding 183 days in any twelve-month period commencing or ending in the fiscal year concerned, and
- (b) the employer who pays the remuneration, or on whose behalf the remuneration is paid, is not a resident of the source State, and
- (c) the relevant remuneration is not borne by a permanent establishment or a fixed base which the employer has in the source State.

It is important to note that all three requirements must be met before the provisions of the paragraph operate.

Paragraph 3 deals with remuneration derived by employees in respect of employment aboard a ship or aircraft operated in international traffic and specifies that such remuneration may be taxed in the State in which the place of effective management of the enterprise is situated.

Paragraph 4 provides that where an individual who is both a national of a Contracting State as well as being employed by an enterprise (of which the principal business is the operation of aircraft in international traffic) of that Contracting State, the remuneration received by that employee for services rendered in the other Contracting State on behalf of the enterprise shall, for a period of five years which begins on the date the employee first performs such duties in the other State, be exempt from tax in that other State.

Article 16

Directors' Fees

The Article provides that directors' fees may be taxed by the State in which the company concerned is resident. It does not, however, prevent the director from also being taxed on those fees in the director's State of residence.

Article 17

Artists and Sportspersons

In terms of paragraph 1 the income derived by entertainers and sportspersons may be taxed in the Contracting State in which their activities are exercised.

Paragraph 2 expands the principle laid down in paragraph 1 in that it specifies that in cases where income in respect of the activities of entertainers and sportspersons accrues to some other person rather than the entertainer or sportsperson, such income may still be taxed in the Contracting State in which such activities are exercised. This paragraph covers the frequent situation in which a professional sportsperson forms a company and competes in a sporting event in another country not in a personal capacity, but rather as an employee of that person's company. Because the sportsperson's activities in the country continue for a very short period and do not constitute a permanent establishment, neither the sportsperson nor the company would under the normal provisions of the Convention be taxable in that country.

In cases where the activities of entertainers or sportspersons in a Contracting State are supported wholly or mainly out of public funds of the other Contracting State, paragraph 3 specifies that any income derived from those activities in the first-mentioned State shall be exempt from tax in that State. This also applies if the activities take place in terms of a cultural agreement or arrangement between the Governments of the Contracting States.

Article 18

Pensions and Annuities

Paragraph 1 provides that pensions and other similar remuneration, and annuities, may be taxed in the State in which they arise. The State of residence may also tax but must then give a credit for the source State tax.

Paragraph 2 gives the State of source of pensions paid and other payments made under a public scheme which is part of the social security system of a Contracting State the sole taxing right, notwithstanding the provisions of paragraph 1.

Paragraph 3 gives the standard definition of an annuity.

Article 19

Government Service

Subparagraph 1(a) provides that salaries, wages and other similar remuneration, paid by a Contracting State, a political or administrative subdivision or a local authority thereof to an individual for services rendered, is taxable only in that State.

However, subparagraph 1(b) provides that such salaries, wages and other similar remuneration is taxable only in the other Contracting State if the services are rendered in that other State by a resident who is also a national of that other State and did not become resident of the other State with the express purpose of rendering the services. An example of this is a South African national, normally resident in South Africa, who is employed by the Royal Embassy of Saudi Arabia. Such person would be taxable in South Africa even though the person's salary is paid by Saudi Arabia.

Paragraph 2 provides that notwithstanding the provisions of paragraph 1, pensions and other similar remuneration paid by a Contracting State, a political or administrative subdivision or a local authority thereof, shall be taxable only in that State. The pension and other similar remuneration would only be taxable in the other State if the recipient is both a resident and a national of that other State.

Paragraph 3 provides that the provisions of paragraphs 1 and 2 will not apply in respect of salaries, wages, pensions and other similar remuneration paid by a Contracting State, a political or administrative subdivision or a local authority thereof in respect of services rendered in relation to any business carried on by that Contracting State, political or administrative subdivision or local authority thereof. In such circumstances, the provisions of Articles 15, 16, 17, 18 and 21 dealing with remuneration and pensions other than of a public nature will apply.

Article 20

Students

In terms of paragraph 1, a student who is a resident of one State but who is undergoing education or training in the other State, will not be taxed in the last-mentioned State on payments received for purposes of the student's maintenance, education or training, if those payments are received from outside that State.

A student who during his/her period of study or training receives a grant, scholarship and remuneration from employment which is not covered by paragraph 1, shall, in terms of the provisions of paragraph 2, be entitled to the same exemptions, reliefs or reductions in respect of taxes as is available to residents of the State in which the student is undergoing such education or training.

Article 21

Teachers and Researchers

Paragraph 1 specifies that professors and teachers who engage in teaching or research activities at educational institutions in a Contracting State during a visit of less than two years, shall be exempted from tax in that State in respect of remuneration for such activities, provided that such remuneration is derived from outside that State.

Paragraph 2 specifies that the provisions of the Article will not apply in respect of research which is undertaken for the private benefit of a person or persons.

Article 22

Other Income

This Article deals with the treatment of income which is not dealt with in other Articles of the Convention and specifies in paragraph 1 that such items of income will be taxable only in the State of residence of the recipient thereof.

Paragraph 2 reintroduces the principle established in paragraph 4 of Article 10 dealing with dividends and paragraph 4 of Article 11 dealing with income from debt-claims that if such income is connected to a permanent establishment or a fixed base which a resident of a Contracting State has in the other Contracting State, then such income may be included in the profits which are attributable to the permanent establishment or fixed base as envisaged in Articles 7 and 14 and taxed in that other Contracting State.

Paragraph 3 states that notwithstanding paragraphs 1 and 2, the source State also retains a taxing right in respect of other income.

Article 23

Capital

The Article deals with the taxation of capital.

Paragraph 1 specifies that the right to tax capital represented by immovable property referred to in Article 6 is also given to the Contracting State in which the property is situated although the alienator may be a resident of the other Contracting State.

Paragraph 2 deals with capital represented by movable property which forms part of the business property of a permanent establishment which a resident of a Contracting State has in the other Contracting State or movable property pertaining to a fixed base which is available to a resident of a Contracting State in the other Contracting State. It provides that such capital may also be taxed in the State in which such permanent establishment or fixed base is situated.

Paragraph 3 provides that capital represented by ships and aircraft operated in international traffic, and by movable property pertaining to such operation, are taxable only in the State in which the place of effective management of the enterprise is situated.

Paragraph 4 specifies that capital not covered by the preceding paragraphs of this Article shall only be taxable in the State of residence of the owner.

Article 24

Methods for Elimination of Double Taxation

The provisions of this Article are designed to allow for the actual mechanisms required for the elimination of double taxation. In paragraph 1(a) the position with regard to the manner in which Saudi Arabia will provide relief in cases of double taxation of its residents is set out while the South African position with regard to its residents is set out in subparagraph 1(b). Both States use the credit method.

Paragraph 2 provides that the methods for the elimination of double taxation will not prejudice the provisions of the Zakat collection regime as regards Saudi nationals.

Article 25

Mutual Agreement Procedure

This Article institutes a mutual agreement procedure for difficulties arising out of the application of the Convention. In paragraphs 1 and 2 it provides that the competent authorities of the Contracting States shall endeavour by mutual agreement to solve the situation of taxpayers subjected to taxation not in accordance with the provisions of the Convention.

In paragraph 3, the competent authorities of the two States are authorised to resolve by mutual agreement any problems relating to the interpretation or application of the Convention, and, furthermore, to consult together for the elimination of double taxation in cases not provided for in the Convention.

In terms of paragraph 4 the competent authorities are authorised to communicate directly with each other and, if necessary, to have oral discussions for the purpose of reaching mutual agreement in respect of any of these matters. These oral discussions may take place through Commission consisting of representatives of the competent authorities of the Contracting States.

Paragraph 5 provides that the competent authorities of the Contracting States may by mutual agreement settle the mode of application of the Convention, especially the requirements necessary for the application by a resident of a Contracting State for tax reliefs or exemptions provided for in the Convention, in the other Contracting State.

Article 26

Exchange of Information

Paragraph 1 provides that the States shall exchange such information as may be required both for carrying out the provisions of the Convention and for applying the domestic taxation laws of the States, in particular for the prevention of fraud or evasion of such taxes. The exchange is not restricted by Article 1. Thus, should South Africa obtain tax information relating to a resident of a third State who is liable for Saudi tax, it may make that information available to Saudi Arabia.

Information obtained by a State under this provision must be treated with the same degree of secrecy as applies to information obtained under the domestic laws of that State. In addition to this general stipulation on secrecy, it is specifically provided that information obtained under this Article may be disclosed only to persons or authorities involved in the administration of the taxes covered by the Convention, and that those persons and authorities shall use the information only for the purposes of such administration.

In terms of paragraph 2, the preceding provisions will not impose on a State the obligation:

- (a) to do anything which is contrary to the laws and administrative practice of either State;
- (b) to supply information which is not obtainable under the laws of either State or in the normal course of the administration of either State;
- (c) to supply information which discloses any business secret, or information the disclosure of which is contrary to public policy.

Article 27

Miscellaneous Provisions

Paragraph 1 provides for an exemption from taxation in the other Contracting State of income envisaged in Article 10 (Dividends), Article 11 (Income from Debt-claims) and Article 12 (Royalties) which is derived by the Government (including in the case of Saudi Arabia, the Saudi Arabian Monetary Agency, and in the case of South Africa, the South African Reserve Bank, as well as wholly owned State entities) of a Contracting State in the other Contracting State, as well as gains derived from the alienation of shares, debt-claims or rights from which such income is derived. This is in line with the provisions of section 10(1)(a) of the Income Tax Act, 1962 (Act No.58 of 1962).

Paragraph 2 specifies that the provisions of the Convention shall not prevent the application by a Contracting State of its domestic law regarding the prevention of tax evasion or tax avoidance.

Article 28

Members of Diplomatic Missions and Consular Posts

The Article ensures that members of diplomatic missions and consular posts are not deprived of any right which is accorded to them under international law or special agreements between Contracting States. In effect this normally means that the remuneration which they receive from their State of residence while they are stationed in the other Contracting State is not subjected to tax in that other State.

Article 29

Entry into Force

Paragraph 1 provides that the Contracting States shall notify each other in writing, through the diplomatic channel, of the completion of the procedures required in each country for the ratification of the Convention. The Convention shall enter into force on the first day of the second month following the month in which the later of these notifications was received.

Paragraph 2 specifies that the date on which the provisions of the Convention will begin to operate in both States, will be the first day of January following the date of entry into force of the Convention.

Article 30

Termination

Paragraph 1 provides that the Convention shall operate for a minimum period of five years after which it may be terminated by either Contracting State by giving written notice of termination not later than to 30 June of any calendar year.

The Convention will then cease to operate from 1 January in the calendar year following such notice on the basis set out in paragraph 2.

General

Attached are opinions from the State Law Advisers of the Departments of Foreign Affairs and Justice.

The entire Convention becomes part of the law of South Africa and is entered into in terms of section 108 of the Income Tax Act, 1962 (Act No 58 of 1962), read in conjunction with section 231(4) of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996).

Financial Implications

There are no direct financial costs under the Convention for the State.

CONVENTION

BETWEEN

**THE GOVERNMENT OF
THE REPUBLIC OF SOUTH AFRICA**

AND

**THE GOVERNMENT OF
THE KINGDOM OF SAUDI ARABIA**

FOR THE AVOIDANCE OF DOUBLE TAXATION

AND THE PREVENTION OF TAX EVASION

WITH RESPECT TO TAXES

ON INCOME AND ON CAPITAL

Preamble

The Government of the Republic of South Africa and the Government of the Kingdom of Saudi Arabia,

DESIRING to conclude a Convention for the avoidance of double taxation and the prevention of tax 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 a Contracting State or of its political or administrative subdivisions, 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, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.
3. The existing taxes to which the Convention shall apply are in particular:
 - (a) in the case of the Kingdom of Saudi Arabia:
 - (i) the Zakat;
 - (ii) the income tax including the natural gas investment tax;(hereinafter referred to as the "Saudi tax"); and

(b) in the case of the Republic of South Africa:

- (i) the normal tax;
- (ii) the secondary tax on companies;
- (iii) the withholding tax on royalties;

(hereinafter referred to as the “South African tax”).

4. The Convention shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their taxation laws.

Article 3

General Definitions

1. For the purposes of this Convention, unless the context otherwise requires:
- (a) the term “Kingdom of Saudi Arabia” means the territory of the Kingdom of Saudi Arabia which also includes the area outside the territorial waters, where the Kingdom of Saudi Arabia exercises its sovereign and jurisdictional rights in their waters, sea bed, sub-soil and natural resources by virtue of its law and international law;
 - (b) the term “the Republic of South Africa” means South Africa and, when used in a geographical sense, includes the territorial sea thereof as well as any area outside the territorial sea, including the continental shelf, in which South Africa exercises sovereign rights or jurisdiction in accordance with international law;
 - (c) the terms “a Contracting State” and “the other Contracting State” mean the Kingdom of Saudi Arabia or South Africa, as the context requires;
 - (d) the term “person” includes any individual, any company or any other body of persons, including the State, its political or administrative subdivisions or local authorities, estates, trusts and foundations;
 - (e) the term “company” means any body corporate or any entity that is treated as a body corporate for tax purposes;
 - (f) 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;

- (g) the term “national” means:
 - (i) any individual possessing the nationality of a Contracting State;
 - (ii) any legal person, partnership or association deriving its status as such from the laws in force in a Contracting State;
 - (h) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise that has its place of effective management in a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
 - (i) the term “competent authority” means:
 - (i) in the case of the Kingdom of Saudi Arabia, the Ministry of Finance represented by the Minister of Finance or an authorised representative of the Minister; and
 - (ii) in the case of South Africa, the Commissioner for the South African Revenue Service or an authorised representative of the Commissioner.
2. As regards the application of the Convention at any time by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that Contracting State for the purposes of the taxes to which the Convention applies, any meaning under the applicable tax laws of that Contracting State prevailing over a meaning given to the term under other laws of that Contracting State.

Article 4

Resident

1. For the purposes of this Convention, the term “resident of a Contracting State” means:
- (a) any person who, under the laws of that Contracting State, is liable to tax therein by reason of that person’s domicile, residence, place of management or any other criterion of a similar nature, and also includes that Contracting State and any political or administrative subdivision or local authority thereof. This term, however, does not include any person who is liable to tax in that Contracting State in respect only of income from sources in that Contracting State or capital situated therein;

- (b) a legal person organised under the laws of a Contracting State and that is generally exempt from tax in that Contracting State and is established and maintained in that Contracting State either:
 - (i) exclusively for religious, charitable, educational, scientific, or other similar purposes; or
 - (ii) to provide pensions or other similar benefits to employees pursuant to a plan.
2. Where by reason of the provisions of paragraph 1 of this Article an individual is a resident of both Contracting States, then that individual's status shall be determined as follows:
- (a) the individual shall be deemed to be a resident solely of the Contracting State in which a permanent home is available to the individual; if a permanent home is available to the individual in both Contracting States, the individual shall be deemed to be a resident solely of the Contracting State with which the individual's personal and economic relations are closer (centre of vital interests);
 - (b) if sole residence cannot be determined under the provisions of subparagraph (a), the individual shall be deemed to be a resident solely of the Contracting State in which the individual has an habitual abode;
 - (c) if the individual has an habitual abode in both Contracting States or in neither of them, the individual shall be deemed to be a resident solely of the Contracting State of which the individual is a national;
 - (d) if the individual is a national of both Contracting States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.
3. Where by reason of the provisions of paragraph 1 of this Article a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident solely 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 but is not limited to:
 - (a) a place of management;
 - (b) a branch;
 - (c) an office;
 - (d) a factory;
 - (e) a workshop;
 - (f) a mine, a quarry or any other place of extraction of natural resources.

3. The term “permanent establishment” also includes:
 - (a) a building site, a construction, assembly or installation project or any supervisory activity in connection with such site or project, but only where such site, project or activity continues for a period of more than six months;
 - (b) the furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose, but only where activities of that nature continue (for the same or a connected project) within the Contracting State for a period or periods exceeding in the aggregate six months in any twelve-month period commencing or ending in the fiscal year concerned.

4. Notwithstanding the preceding provisions of this Article, the term “permanent establishment” shall be deemed not to include:
 - (a) the use of facilities solely for the purpose of storage or display 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 or display;
 - (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 of collecting information, for the enterprise;
 - (e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;
 - (f) the sale of goods or merchandise belonging to the enterprise displayed at an occasional temporary fair or exhibition after the closing of the said fair or exhibition;

- (g) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs (a) to (f), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.
- 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 6 of this Article applies – is acting in a Contracting State on behalf of an enterprise of the other Contracting State, that enterprise shall be deemed to have a permanent establishment in the first-mentioned Contracting State in respect of any activities which that person undertakes for the enterprise, if such a person:
 - (a) has and habitually exercises in that Contracting State an authority to conclude contracts in the name of the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 of this Article 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; or
 - (b) has no such authority, but habitually maintains in the first-mentioned Contracting State a stock of goods or merchandise from which such person regularly delivers goods or merchandise on behalf of the enterprise.
- 6. An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that Contracting 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.
- 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 Contracting State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

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 Contracting State.

2. The term “immovable property” shall have the meaning provided for in the law of the Contracting State in which the property in question is situated. The term shall in any case 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, boats and aircraft shall not be regarded as immovable property.
3. The provisions of paragraph 1 of this Article 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 of this Article shall also apply to the income from immovable property of an enterprise and to income from immovable property 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 Contracting 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 Contracting State but only so much of them as is attributable to that permanent establishment.
2. Subject to the provisions of paragraph 3 of this Article, 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. In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the business of the permanent establishment including executive and general administrative expenses so incurred, whether in the Contracting State in which the permanent establishment is situated or elsewhere. However, no such deduction shall be allowed in respect of amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission, for specific services performed or for management, or, except in the case of a banking enterprise, by way of income from debt-claims with regard to moneys lent to the permanent establishment. Likewise, no account shall be taken, in the determination of the profits of a permanent establishment, for amounts charged (otherwise than towards reimbursement of actual expenses), by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission for specific services performed or for management, or, except in the case of a banking enterprise, by way of income from debt-claims with regard to moneys lent to the head office of the enterprise or any of its other offices.
4. Notwithstanding any other provisions of this Convention, the business profits derived by an enterprise of a Contracting State from the export of merchandise to the other Contracting State shall not be taxed in that other Contracting State. Where contracts for the export of merchandise include other activities carried on through a permanent establishment of the enterprise in the other Contracting State the profits derived from those activities may be taxed in that other Contracting State.
5. Nothing in this Article shall affect the operation of any law of a Contracting State relating to tax imposed on profits from insurance with non-residents provided that if the relevant law in force in either Contracting State at the date of signature of the Convention is varied (otherwise than in minor respects so as not to affect its general character) the Contracting States shall consult with each other with a view to agreeing to any amendment of this paragraph as may be appropriate.
6. No profits shall be attributed to a permanent establishment in a Contracting State by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.
7. For the purposes of the preceding paragraphs of this Article, 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.
8. Where profits include items of income which are dealt with separately in other Articles of the Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

9. The term “business profits” includes, but is not limited to income derived from manufacturing, trade, banking, insurance, from the operation of inland transportation, the furnishing of services and the rental of tangible personal movable property.

Article 8

Shipping and Air Transport

1. 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 or boat, then it shall be deemed to be situated in the Contracting State in which the home harbour of the ship or boat is situated, or, if there is no such home harbour, in the Contracting State of which the operator of the ship or boat is a resident.
3. For the purposes of this Article, profits from the operation of ships or aircraft in international traffic include:
 - (a) profits derived from the rental on a bareboat basis of ships or aircraft; and
 - (b) profits derived from the use or rental of containers (including trailers and related equipment for the transport of containers) used for the transport of goods or merchandise;where such rental or such use or rental, as the case may be, is incidental to the operation of such ships or aircraft in international traffic.
4. The provisions of paragraph 1 of this Article shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

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 Contracting State - and taxes accordingly - profits on which an enterprise of the other Contracting State has been charged to tax in that other Contracting State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned Contracting State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other Contracting 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 this 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 may be taxed in that other Contracting State.
- 2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that Contracting State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed:
 - (a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 10 per cent of the capital of the company paying the dividends; or
 - (b) 10 per cent of the gross amount of the dividends in all other cases.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

- 3. The term “dividends” as used in this Article means income from shares or other rights participating in profits (not being debt-claims), as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the Contracting State of which the company

making the distribution is a resident.

4. The provisions of paragraphs 1 and 2 of this Article 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, or performs in that other Contracting State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or Article 14, as the case may be, shall apply.
5. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other Contracting State may not impose any tax on the dividends paid by the company, except in so far as such dividends are paid to a resident of that other Contracting State or in so far as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other Contracting 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 Contracting State.

Article 11

Income from Debt-claims

1. Income from debt-claims arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other Contracting State.
2. However, such income from debt-claims may also be taxed in the Contracting State in which it arises and according to the laws of that Contracting State, but if the beneficial owner of the income from debt-claims is a resident of the other Contracting State, the tax so charged shall not exceed 5 per cent of the gross amount of the income from debt-claims.
3. The term "income from debt-claims" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as income from debt-claims for the purposes of this Article.
4. The provisions of paragraphs 1 and 2 of this Article shall not apply if the beneficial owner of the income from debt-claims, being a resident of a Contracting State, carries on business in the other Contracting State in which

the income from debt-claims arises, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or Article 14, as the case may be, shall apply.

5. Income from debt-claims shall be deemed to arise in a Contracting State when the payer is a resident of that Contracting State. Where, however, the person paying such income, whether that person is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the indebtedness on which the income is paid was incurred, and such income is borne by such permanent establishment or fixed base, then such income shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.
6. 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 income from debt-claims, having regard to the debt-claim for which it is 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 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 Contracting State.
2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that Contracting State, but if the beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the royalties.
3. 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 cinematograph films, or films, tapes or discs used for radio or television broadcasting), any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial, or scientific equipment, or for information concerning

industrial, commercial or scientific experience.

4. The provisions of paragraphs 1 and 2 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, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or Article 14, as the case may be, shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is a resident of that Contracting State. Where, however, the person paying the royalties, whether that person is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.
6. 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 Contracting State.
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 or of 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, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other Contracting State.
3. Gains from the alienation of ships or aircraft operated in international traffic, or 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 shares of the capital stock of a company the property of which consists directly or indirectly principally of immovable property situated in a Contracting State may be taxed in that Contracting State.
5. Gains from the alienation of shares other than those mentioned in paragraph 4 of this Article representing a participation of 25 per cent in a company which is a resident of a Contracting State may be taxed in that Contracting State.

6. Gains derived from the alienation of any property other than that referred to in the preceding paragraphs of this Article, shall be taxable only in the Contracting State of which the alienator is a resident.

Article 14

Independent Personal Services

1. Income derived by an individual who is a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that Contracting State except in the following circumstances, when such income may also be taxed in the other Contracting State:
 - (a) if such a fixed base is regularly available to the individual in the other Contracting State for the purpose of performing the individual's 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; or
 - (b) if the individual's stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned; in that case, only so much of the income as is derived from the individual's activities performed in that other Contracting State may be taxed in that other Contracting State; or
 - (c) if the remuneration for the individual's activities in the other Contracting State is paid by a resident of that Contracting State or is borne by a permanent establishment situated in that Contracting State and exceeds the equivalent of 100 000 US dollars in the fiscal year concerned.
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 21, 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 Contracting 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

Contracting State.

2. Notwithstanding the provisions of paragraph 1 of this Article, 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 Contracting State if:
 - (a) the recipient is present in the other Contracting State for a period or periods not exceeding in the aggregate 183 days in any twelve-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 Contracting State, and
 - (c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other Contracting 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. **An individual who is both a national of a Contracting State and an employee of an enterprise of that Contracting State the principal business of which consists of the operation of aircraft in international traffic and who derives remuneration in respect of duties performed in the other Contracting State shall be exempt from tax in that other Contracting State on remuneration derived from the employee's employment with that enterprise for a period of five years beginning on the date on which the employee first performs duties in that other Contracting State.**

Article 16

Directors' Fees

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

Article 17

Artists and Sportspersons

1. Notwithstanding the provisions of Articles 7, 14 and 15, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsperson, from that person's personal activities as such exercised in the other Contracting State, may be taxed in that other Contracting State.

2. Where income in respect of personal activities exercised by an entertainer or a sportsperson in that person's capacity as such accrues not to the entertainer or sportsperson 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 sportsperson are exercised.
3. Income derived by a resident of a Contracting State from activities exercised in the other Contracting State as envisaged in paragraphs 1 and 2 of this Article, shall be exempt from tax in that other Contracting State if the visit to that other Contracting State is supported wholly or mainly by public funds of the first-mentioned Contracting State, a political or administrative subdivision or a local authority thereof, or takes place under a cultural agreement or arrangement between the Governments of the Contracting States.

Article 18

Pensions and Annuities

1. Subject to the provisions of paragraph 2 of Article 19, pensions and other similar remuneration, and annuities, arising in a Contracting State and paid to a resident of the other Contracting State, may be taxed in the first-mentioned Contracting State.
2. Notwithstanding the provisions of paragraph 1 of this Article, pensions paid and other payments made under a public scheme which is part of the social security system of a Contracting State or a political or administrative subdivision or a local authority thereof shall be taxable only in that Contracting State.
3. The term "annuity" means a stated sum payable periodically at stated times during life or during a specified or ascertainable period of time under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

Article 19

Government Service

1. (a) Salaries, wages and other similar remuneration paid by a Contracting State or a political or administrative subdivision or a local authority thereof to an individual in respect of services rendered to that Contracting State or subdivision or authority shall be taxable only in that Contracting State.

- (b) However, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting State if the services are rendered in that other Contracting State and the individual is a resident of that Contracting State who:
 - (i) is a national of that Contracting State; or
 - (ii) did not become a resident of that Contracting State solely for the purpose of rendering the services.
- 2. (a) Notwithstanding the provisions of paragraph 1 of this Article, pensions and other similar remuneration paid by, or out of funds created by, a Contracting State or a political or administrative subdivision or a local authority thereof to an individual in respect of services rendered to that Contracting State or subdivision or authority shall be taxable only in that Contracting State.
 - (b) However, such pensions and other similar remuneration shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that other Contracting State.
- 3. The provisions of Articles 15, 16, 17, 18 and 21 shall apply to salaries, wages, pensions, and other similar remuneration in respect of services rendered in connection with a business carried on by a Contracting State or a political or administrative subdivision or a local authority thereof.

Article 20

Students

- 1. A student who is present in a Contracting State solely for the purpose of the student's education or training and who is, or immediately before being so present was, a resident of the other Contracting State, shall be exempt from tax in the first-mentioned Contracting State on payments received from outside that first-mentioned Contracting State for the purposes of the student's maintenance, education or training.
- 2. In respect of grants, scholarships and remuneration from employment not covered by paragraph 1 of this Article, a student envisaged in paragraph 1 of this Article shall, in addition, be entitled during such education or training to the same exemptions, reliefs or reductions in respect of taxes available to residents of the Contracting State which such student is visiting.

Article 21

Teachers and Researchers

1. Notwithstanding the provisions of Article 15, a professor or teacher who is invited to visit one of the Contracting States for a period not exceeding in the aggregate two years from the date of first arrival in that Contracting State, solely for the purpose of teaching or carrying out research at a university, college, school or other educational institution in that Contracting State and who is, or immediately before such visit was, a resident of the other Contracting State shall, in respect of remuneration for such teaching or research, be exempt from tax in the first-mentioned Contracting State, provided that such remuneration is derived by that professor or teacher from outside that Contracting State.
2. The provisions of this Article shall not apply to income from research if such research is undertaken not in the public interest but wholly or mainly for the private benefit of a specific person or persons.

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 Contracting State.
2. The provisions of paragraph 1 of this Article shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein, or performs in that other Contracting State independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or Article 14, as the case may be, shall apply.
3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, items of income of a resident of a Contracting State not dealt with in the foregoing Articles of the Convention and arising in the other Contracting State may also be taxed in that 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 Contracting State.

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 that other Contracting State.
3. Capital represented by ships and aircraft operated in international traffic and by movable property pertaining to the operation of such ships and aircraft, shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

4. All other elements of capital of a resident of a Contracting State shall be taxable only in that Contracting State.

Article 24

Methods for Elimination of Double Taxation

1. Double taxation shall be eliminated as follows:
 - (a) in the case of the Kingdom of Saudi Arabia, where a resident of the Kingdom of Saudi Arabia derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in South Africa, the Kingdom of Saudi Arabia shall deduct the amount paid in South Africa, as a tax specified in Article 2 of this Convention, against the tax levied in the Kingdom of Saudi Arabia. The amount of such deduction shall not, however, exceed the amount of tax on that income or capital computed in accordance with the taxation laws and regulations of the Kingdom of Saudi Arabia;
 - (b) in the case of South Africa, subject to the provisions of the law of South Africa regarding the deduction from tax payable in South Africa of tax payable in any country other than South Africa (which shall not affect the general principle hereof), Saudi tax paid by residents of South Africa in respect of income taxable in the Kingdom of Saudi Arabia, in accordance with the provisions of this Convention, shall be deducted from the taxes due according to South African fiscal law. Such deduction shall not, however, exceed an amount which bears to the total South African tax payable the same ratio as the income concerned bears to the total income.
2. In the case of the Kingdom of Saudi Arabia, the methods for elimination of double taxation will not prejudice the provisions of the Zakat collection regime as regards Saudi nationals.

Article 25

Mutual Agreement Procedure

1. Where a person considers that the actions of one or both of the Contracting States result or will result for that person in taxation not in accordance with the provisions of this Convention, that person may, irrespective of the remedies provided by the domestic law of those Contracting States, present a case to the competent authority of the Contracting State of which the person is a resident. The case must be presented within three years from the first notification of the

action resulting in taxation not in accordance with the provisions of the Convention.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other 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 endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. 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 for the purpose of reaching an agreement in the sense of the preceding paragraphs of this Article. When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take place through a Commission consisting of representatives of the competent authorities of the Contracting States.
5. The competent authorities of the Contracting States may by mutual agreement settle the appropriate mode of application of the Convention and, especially, the requirements to which the residents of a Contracting State shall be subjected in order to obtain, in the other Contracting State, the tax reliefs or exemptions provided for by the Convention.

Article 26

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 in so far as the taxation thereunder is not contrary to the Convention in particular for the prevention of fraud or evasion of such taxes. The exchange of information is not restricted by Article 1. Any information received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that Contracting 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 covered by 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 of this Article be construed so as to impose on a Contracting State the obligation:

- (a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;
- (b) to supply information which is not obtainable under the laws or in the normal course of the administration 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.

Article 27

Miscellaneous Provisions

- 1. Income envisaged in Articles 10, 11 and 12 which is derived by the Government (including the Saudi Arabian Monetary Agency in the case of Saudi Arabia and the South African Reserve Bank in the case of South Africa, and wholly owned State entities), of a Contracting State in the other Contracting State, together with any gains derived from the alienation of shares, debt-claims or rights from which such income is derived, shall be exempt from taxation in that other Contracting State.**
2. Nothing in this Convention shall be interpreted to mean that a Contracting State is prevented from applying its domestic law with regard to the prevention of tax evasion or tax avoidance.

Article 28

Members of Diplomatic Missions and Consular Posts

Nothing in this Convention shall 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 29

Entry into Force

1. Each of the Contracting States shall notify to the other in writing, through the diplomatic channel the completion of the procedures required by its law for the entry into force of this Convention. The Convention shall enter into force on the first day of the second month following the month in which the later of these notifications was received.
2. The provisions of the Convention shall apply:
 - (a) with regard to taxes withheld at source, in respect of amounts paid or credited on or after the first day of January next following the date upon which the Convention enters into force; and
 - (b) with regard to other taxes, in respect of taxable years beginning on or after the first day of January next following the date upon which the Convention enters into force.

Article 30

Termination

1. This Convention shall remain in force indefinitely but either of the Contracting States may terminate the Convention through the diplomatic channel, by giving to the other Contracting State written notice of termination not later than 30 June of any calendar year starting five years after the year in which the Convention entered into force.
2. In such event the Convention shall cease to apply:
 - (a) with regard to taxes withheld at source, in respect of amounts paid or credited after the end of the calendar year in which such notice is given; and
 - (b) with regard to other taxes, in respect of taxable years beginning after the end of the calendar year in which such notice is given.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto by their respective Governments, have signed this Convention.

DONE at Riyadh in duplicate, this day of14.... H, corresponding to the 13th day of March 2007 in the Arabic and English languages, both texts being equally authentic.

Dr Nkosazana Dlamini Zuma
**FOR THE GOVERNMENT OF THE
THE**

**REPUBLIC OF SOUTH AFRICA
ARABIA**

(Signed)
FOR THE GOVERNMENT OF

KINGDOM OF SAUDI

<p style="text-align: center;">OECD MODEL TAX CONVENTION ON INCOME AND ON CAPITAL</p> <p>Convention between (State A) and (State B) with respect to taxes on income and on capital</p> <p style="text-align: center;">PREAMBLE TO THE CONVENTION</p> <p style="text-align: center;">CHAPTER I</p> <p style="text-align: center;">SCOPE OF THE CONVENTION</p> <p style="text-align: center;">Article 1</p> <p>Persons Covered</p> <p>This Convention shall apply to persons who are residents of one or both of the Contracting States.</p>	<p style="text-align: center;">SOUTH AFRICAN MODEL AGREEMENT FOR THE AVOIDANCE OF DOUBLE TAXATION</p> <p style="text-align: center;">Preamble</p> <p>The Government of and the Government of the Republic of South Africa desiring to conclude an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,</p> <p>HAVE AGREED as follows:</p> <p style="text-align: center;">Article 1</p> <p style="text-align: center;">Persons Covered</p> <p>This Agreement shall apply to persons who are residents of one or both of the Contracting States.</p>	<p style="text-align: center;">CONVENTION BETWEEN SOUTH AFRICA AND THE KINGDOM OF SAUDI ARABIA FOR THE AVOIDANCE OF DOUBLE TAXATION</p> <p style="text-align: center;">Preamble</p> <p>The Government of the Kingdom of Saudi Arabia and the Government of the Republic of South Africa,</p> <p>Desiring to conclude a Convention for the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income and on capital,</p> <p>HAVE AGREED as follows:</p> <p style="text-align: center;">Article 1</p> <p style="text-align: center;">Persons Covered</p> <p>This Convention shall apply to persons who are residents of one or both of the Contracting States.</p>
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	<p style="text-align: center;">Article 2</p> <p style="text-align: center;">Taxes Covered</p>	<p style="text-align: center;">Article 2</p> <p style="text-align: center;">Taxes Covered</p>
<p>Article 2</p> <p>Taxes Covered</p> <p>1. This Convention shall apply to taxes on income and on capital imposed on behalf of a Contracting State or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.</p> <p>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, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.</p>	<p>1. This Agreement shall apply to taxes on income imposed on behalf of a Contracting State or of its political subdivisions, irrespective of the manner in which they are levied.</p> <p>2. There shall be regarded as taxes on income all taxes imposed on total income, or on elements of income, including taxes on gains from the alienation of movable or immovable property.</p> <p>3. The existing taxes to which the Agreement shall apply are:</p> <p>(a) in</p> <p>(i);</p> <p>(ii);</p> <p>(iii); and</p> <p>(iv);</p> <p>(hereinafter referred to as "..... tax"); and</p> <p>(b) in South Africa:</p>	<p>1. This Convention shall apply to taxes on income and on capital imposed on behalf of a Contracting State or of its political or administrative subdivisions, irrespective of the manner in which they are levied.</p> <p>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, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.</p> <p>3. The existing taxes to which the Convention shall apply are in particular:</p> <p>(a) in the case of the Kingdom of Saudi Arabia:</p> <p>(i) the Zakat;</p> <p>(ii) the income tax including the natural gas investment tax;</p> <p>(hereinafter referred to as the "Saudi tax"); and</p> <p>(b) in the case of South Africa:</p>
<p>3. The existing taxes to which the Convention shall apply are in particular:</p> <p>a) (in State A):</p> <p>b) (in State B):</p>		

<p>4. The Convention shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their taxation laws.</p> <p style="text-align: center;">CHAPTER II</p> <p style="text-align: center;">DEFINITIONS</p> <p style="text-align: center;">Article 3</p> <p>General Definitions</p>	<p>(i) the normal tax; (ii) the secondary tax on companies; and (iii) the withholding tax on royalties;</p> <p>(hereinafter referred to as "South African tax").</p> <p>4. The Agreement shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Agreement in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their taxation laws.</p> <p style="text-align: center;">Article 3</p> <p style="text-align: center;">General Definitions</p> <p>1. For the purposes of this Agreement, unless the context otherwise requires:</p> <p>(a) the term "....." means</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p>	<p>(i) the normal tax; (ii) the secondary tax on companies; and (iii) the withholding tax on royalties;</p> <p>(hereinafter referred to as "South African tax").</p> <p>4. The Convention shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their taxation laws.</p> <p style="text-align: center;">Article 3</p> <p style="text-align: center;">General Definitions</p> <p>1. For the purposes of this Convention, unless the context otherwise requires:</p> <p>(a) the term "Kingdom of Saudi Arabia" means the territory of the Kingdom of Saudi Arabia which also includes the area outside the territorial waters, where the Kingdom of Saudi Arabia exercises</p>
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<p>1. For the purposes of this Convention, unless the context otherwise requires:</p> <p>a) the term “person” includes an individual, a company and any other body of persons;</p> <p>b) the term “company” means any body corporate or any entity that is treated as a body corporate for tax purposes;</p> <p>c) the term “enterprise” applies to the carrying on of any business;</p> <p>d) the terms “enterprise of a Contracting State” and “enterprise of the other Contracting State” mean respectively</p>	<p>..... ; and</p> <p>(b) the term “South Africa” means the Republic of South Africa and, when used in a geographical sense, includes the territorial sea thereof as well as any area outside the territorial sea, including the continental shelf, which has been or may hereafter be designated, under the laws of South Africa and in accordance with international law, as an area within which South Africa may exercise sovereign rights or jurisdiction;</p> <p>(c) the terms “a Contracting State” and “the other Contracting State” mean or South Africa, as the context requires;</p> <p>(d) the term “business” includes the performance of professional services and of other activities of an independent character;</p> <p>(e) the term “company” means any body corporate or any entity that is treated as a body corporate for tax purposes;</p>	<p>its sovereign and jurisdictional rights in their waters, sea bed, sub-soil and natural resources by virtue of its law and international law;</p> <p>(b) the term “South Africa” means the Republic of South Africa and, when used in a geographical sense, includes the territorial sea thereof as well as any area outside the territorial sea, including the continental shelf, in which South Africa exercises sovereign rights or jurisdiction in accordance with international law;</p> <p>(c) the terms “a Contracting State” and “the other Contracting State” mean the Kingdom of Saudi Arabia or South Africa, as the context requires;</p> <p>(d) the term “person” includes any individual, any company or any other body of persons, including the State, its political or administrative subdivisions or local authorities, estates, trusts and foundations;</p> <p>(e) the term “company” means any body corporate or any entity that is treated as a body corporate for tax purposes;</p>
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<p>an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;</p> <p>e) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise that has its place of effective management in a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;</p> <p>f) the term “competent authority” means:</p> <p>(i) (in State A):</p> <p>(ii) (in State B):</p> <p>g) the term “national”, in relation to a Contracting State, means:</p> <p>(i) any individual possessing the nationality or citizenship of that Contracting State; and</p> <p>(ii) any legal person, partnership or association deriving its status as such from the laws in</p>	<p>(f) the term “competent authority” means:</p> <p>(i) in, or an authorised representative of the; and</p> <p>(ii) in South Africa, the Commissioner for the South African Revenue Service or an authorised representative of the Commissioner;</p> <p>(g) the term “enterprise” applies to the carrying on of any business;</p> <p>(h) 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;</p>	<p>(f) 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;</p> <p>(g) the term “national” means:</p> <p>(i) any individual possessing the nationality of a Contracting State;</p> <p>(ii) any legal person, partnership or association deriving its status as such from the laws in force in a Contracting State;</p> <p>(h) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise that has its place of effective management in a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;</p>
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<p style="text-align: center;">force in that Contracting State;</p> <p>h) the term “business” includes the performance of professional services and of other activities of an independent character.</p>	<p>(i) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;</p> <p>(j) the term “national”, in relation to a Contracting State, means:</p> <p style="padding-left: 40px;">(i) any individual possessing the nationality or citizenship of that Contracting State; and</p> <p style="padding-left: 40px;">(ii) any legal person or association deriving its status as such from the laws in force in that Contracting State; and</p> <p>(k) the term “person” includes an individual, a company and any other body of persons that is treated as an entity for tax purposes.</p> <p>2. As regards the application of the provisions of the Agreement at any time by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have</p>	<p>(i) the term “competent authority” means:</p> <p style="padding-left: 40px;">(i) in the case of the Kingdom of Saudi Arabia, the Ministry of Finance represented by the Minister of Finance or an authorised representative of the Minister; and</p> <p style="padding-left: 40px;">(ii) in the case of South Africa, the Commissioner for the South African Revenue Service or an authorised representative of the Commissioner.</p> <p>2. As regards the application of the Convention at any time by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has</p>
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<p>2. As regards the application of the Convention at any time by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that State for the purposes of the taxes to which the Convention applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.</p> <p style="text-align: center;">Article 4</p> <p>Resident</p> <p>1. For the purposes of this Convention, the term “resident of a Contracting State” means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature, and also includes that State and any political subdivision or local authority thereof. This term, however, does not include any person who is liable to tax in that State in respect only of income from sources in that State or capital situated therein.</p>	<p>the meaning that it has at that time under the law of that State for the purposes of the taxes to which the Agreement applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.</p> <p style="text-align: center;">Article 4</p> <p style="text-align: center;">Resident</p> <p>1. For the purposes of this Agreement, the term “resident of a Contracting State” means any person who, under the laws of that State, is liable to tax therein by reason of that person’s domicile, residence, place of management or any other criterion of a similar nature, and also includes that State and any political subdivision or local authority thereof. This term, however, does not include any person who is liable to tax in that State in respect only of income from sources therein.</p>	<p>at that time under the law of that Contracting State for the purposes of the taxes to which the Convention applies, any meaning under the applicable tax laws of that Contracting State prevailing over a meaning given to the term under other laws of that Contracting State.</p> <p style="text-align: center;">Article 4</p> <p>Resident</p> <p>1. For the purposes of this Convention, the term “resident of a Contracting State” means:</p> <p>(a) any person who, under the laws of that Contracting State, is liable to tax therein by reason of that person’s domicile, residence, place of management or any other criterion of a similar nature, and also includes that Contracting State and any political or administrative subdivision or local authority thereof. This term, however, does not include any person who is liable to tax in that Contracting State in respect only of income from sources in that Contracting State or capital situated therein;</p> <p>(b) a legal person organised under the laws of a Contracting State and that is generally exempt from tax in that</p>
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<p>2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then his status shall be determined as follows:</p> <p>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 (centre of vital interests);</p>	<p>2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then that individual's status shall be determined as follows:</p> <p>(a) the individual shall be deemed to be a resident only of the State in which a permanent home is available to the individual; if a permanent home is available to the individual in both States, the individual shall be deemed to be a resident only of the State with which the individual's personal and economic relations are closer (centre of vital interests);</p> <p>(b) if the State in which the centre of vital interests is situated cannot be determined, or if the individual has not a permanent home available in either State, the individual shall be deemed to be a resident only of the State in which the individual has an habitual abode;</p> <p>(c) if the individual has an habitual abode</p>	<p>Contracting State and is established and maintained in that Contracting State either:</p> <p>(i) exclusively for religious, charitable, educational, scientific, or other similar purposes; or</p> <p>(ii) to provide pensions or other similar benefits to employees pursuant to a plan.</p> <p>2. Where by reason of the provisions of paragraph 1 of this Article an individual is a resident of both Contracting States, then that individual's status shall be determined as follows:</p> <p>(a) the individual shall be deemed to be a resident solely of the Contracting State in which a permanent home is available to the individual; if a permanent home is available to the individual in both Contracting States, the individual shall be deemed to be a resident solely of the Contracting State with which the individual's personal and economic relations are closer (centre of vital interests);</p> <p>(b) if sole residence cannot be determined under the provisions of subparagraph (a), the individual shall be deemed to be a resident solely of the Contracting State in which the individual has an habitual abode;</p>
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<p>b) if the State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident only of the State in which he has an habitual abode;</p> <p>c) if he has an 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;</p> <p>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.</p> <p>3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident only of the State in which its place of effective management is situated.</p> <p style="text-align: center;">Article 5</p> <p style="text-align: center;">Permanent Establishment</p> <p>Permanent Establishment</p>	<p>in both States or in neither of them, the individual shall be deemed to be a resident only of the State of which the individual is a national;</p> <p>(d) if the individual 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.</p> <p>3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident only of the State in which its place of effective management is situated.</p> <p style="text-align: center;">Article 5</p> <p style="text-align: center;">Permanent Establishment</p> <p>1. For the purposes of this Agreement, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.</p> <p>2. The term "permanent establishment" includes especially:</p> <p>(a) a place of management;</p> <p>(b) a branch;</p> <p>(c) an office;</p> <p>(d) a factory;</p>	<p>(c) if the individual has an habitual abode in both Contracting States or in neither of them, the individual shall be deemed to be a resident solely of the Contracting State of which the individual is a national;</p> <p>(d) if the individual is a national of both Contracting States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.</p> <p>3. Where by reason of the provisions of paragraph 1 of this Article a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident solely of the Contracting State in which its place of effective management is situated.</p> <p style="text-align: center;">Article 5</p> <p style="text-align: center;">Permanent Establishment</p> <p>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.</p> <p>2. The term "permanent establishment" includes but is not limited to:</p>
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<p>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.</p> <p>2. The term “permanent establishment” includes especially:</p> <ul style="list-style-type: none"> a) a place of management; b) a branch; c) an office; d) a factory; e) a workshop, and f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources. <p>3. A building site or construction or installation project constitutes a permanent establishment only if it lasts more than twelve months.</p>	<ul style="list-style-type: none"> (e) a workshop, and (f) a mine, an oil or gas well, a quarry or any other place of extraction or exploitation of natural resources. <p>3. The term “permanent establishment” likewise encompasses:</p> <ul style="list-style-type: none"> (a) a building site, a construction, assembly or installation project or any supervisory activity in connection with such site or project, but only where such site, project or activity continues for a period of more than months; (b) the furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by an enterprise for such purpose, but only where activities of that nature continue (for the same or a connected project) within the Contracting State for a period or periods exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned; (c) the performance of professional services or other activities of an independent character by an individual, but only where those services or activities continue within a Contracting State for a period or periods exceeding in the aggregate 	<ul style="list-style-type: none"> a) a place of management; b) a branch; c) an office; d) a factory; e) a workshop; f) a mine, a quarry or any other place of extraction of natural resources. <p>3. The term “permanent establishment” also includes:</p> <ul style="list-style-type: none"> (a) a building site, a construction, assembly or installation project or any supervisory activity in connection with such site, project or activity continues for a period of more than six months; (b) the furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose, but only where activities of that nature continue (for the same or a connected project) within the Contracting State for a period or periods exceeding in the aggregate six months in any twelve-month period commencing or ending in the fiscal year concerned.
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<p>4. Notwithstanding the preceding provisions of this Article, the term "permanent establishment" shall be deemed not to include:</p> <ul style="list-style-type: none"> 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; 	<p>183 days in any twelve-month period commencing or ending in the fiscal year concerned.</p> <p>4. Notwithstanding the preceding provisions of this Article, the term "permanent establishment" shall be deemed not to include:</p> <ul style="list-style-type: none"> (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 of collecting information, for the enterprise; (e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character; and 	<p>4. Notwithstanding the preceding provisions of this Article, the term "permanent establishment" shall be deemed not to include:</p> <ul style="list-style-type: none"> (a) the use of facilities solely for the purpose of storage or display 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 or display; (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 of collecting information, for the enterprise; (e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other
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<p>d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;</p> <p>e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;</p> <p>f) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs 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.</p> <p>5. Notwithstanding the provisions of paragraphs 1 and 2, where a person - other than an agent of an independent status to whom paragraph 6 applies - is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State in</p>	<p>(f) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs (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.</p> <p>5. Notwithstanding the provisions of paragraphs 1 and 2, where a person – other than an agent of an independent status to whom paragraph 6 applies – is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned 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.</p>	<p>activity of a preparatory or auxiliary character;</p> <p>(f) the sale of goods or merchandise belonging to the enterprise displayed at an occasional temporary fair or exhibition after the closing of the said fair or exhibition;</p> <p>(g) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs (a) to (f), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.</p> <p>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 6 of this Article applies – is acting in a Contracting State on behalf of an enterprise of the other Contracting State, that enterprise shall be deemed to have a permanent establishment in the first-mentioned Contracting State in respect of any activities which that person undertakes for the enterprise, if such a person:</p> <p>(a) has and habitually exercises in that Contracting State an authority to conclude contracts in the name of the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 of this Article which, if</p>
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<p>respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned 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.</p> <p>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.</p> <p>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</p>	<p>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.</p> <p>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.</p> <p style="text-align: center;">Article 6</p>	<p>exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph; or</p> <p>(b) has no such authority, but habitually maintains in the first-mentioned Contracting State a stock of goods or merchandise from which such person regularly delivers goods or merchandise on behalf of the enterprise.</p> <p>6. An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that Contracting 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.</p> <p>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 Contracting State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.</p>
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in that other State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

CHAPTER III

TAXATION OF INCOME

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.
2. The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. The term shall in any case 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, boats and aircraft shall not be regarded as immovable property.

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.
2. The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. The term shall in any case 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, boats 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 shall also apply to the income from immovable property of an enterprise.

Article 7

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 Contracting State.
2. The term "immovable property" shall have the meaning provided for in the law of the Contracting State in which the property in question is situated. The term shall in any case 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, boats and aircraft shall not be regarded as immovable property.
3. The provisions of paragraph 1 of this Article 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 of this Article shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the

<p>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.</p> <p>4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise.</p>	<p style="text-align: center;">Business Profits</p> <p>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.</p> <p>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.</p> <p>3. In determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.</p>	<p style="text-align: right;">performance of independent personal services.</p> <p style="text-align: center;">Article 7</p> <p>Business Profits</p> <p>1. The profits of an enterprise of a Contracting State shall be taxable only in that Contracting 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 Contracting State but only so much of them as is attributable to that permanent establishment.</p> <p>2. Subject to the provisions of paragraph 3 of this Article, 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.</p> <p>3. In the determination of the profits of a permanent establishment, there shall be allowed</p>
<p style="text-align: center;">Article 7</p> <p>Business Profits</p> <p>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.</p> <p>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</p>		

<p>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.</p> <p>3. In determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.</p>		<p>as deductions expenses which are incurred for the purposes of the business of the permanent establishment including executive and general administrative expenses so incurred, whether in the Contracting State in which the permanent establishment is situated or elsewhere. However, no such deduction shall be allowed in respect of amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission, for specific services performed or for management, or, except in the case of a banking enterprise, by way of income from debt-claims with regard to moneys lent to the permanent establishment. Likewise, no account shall be taken, in the determination of the profits of a permanent establishment, for amounts charged (otherwise than towards reimbursement of actual expenses), by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission for specific services performed or for management, or, except in the case of a banking enterprise by way of income from debt-claims with regard to moneys lent to the head office of the enterprise or any of its other offices.</p> <p>4. Notwithstanding any other provisions of this Convention, the business profits derived by an enterprise of a Contracting State from the export</p>
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<p>4. 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</p>	<p>4. In so far 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.</p> <p>5. 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.</p> <p>6. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent</p>	<p>of merchandise to the other Contracting State shall not be taxed in that other Contracting State. Where contracts for the export of merchandise include other activities carried on through a permanent establishment of the enterprise in the other Contracting State the profits derived from those activities may be taxed in that other Contracting State.</p> <p>5. Nothing in this Article shall affect the operation of any law of a Contracting State relating to tax imposed on profits from insurance with non-residents provided that if the relevant law in force in either Contracting State at the date of signature of the Convention is varied (otherwise than in minor respects so as not to affect its general character) the Contracting States shall consult with each other with a view to agreeing to any amendment of this paragraph as may be appropriate.</p> <p>6. No profits shall be attributed to a permanent establishment in a Contracting State by reason</p>
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<p>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.</p> <p>5. 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.</p> <p>6. 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.</p> <p>7. 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.</p> <p style="text-align: center;">Article 8</p> <p style="text-align: center;">Shipping, Inland Waterways Transport</p>	<p>establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.</p> <p>7. Where profits include items of income which are dealt with separately in other Articles of this Agreement, then the provisions of those Articles shall not be affected by the provisions of this Article.</p> <p style="text-align: center;">Article 8</p> <p style="text-align: center;">Shipping and Air Transport</p> <p>1. Profits of an enterprise of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that State.</p> <p>2. For the purposes of this Article, profits from the operation of ships or aircraft in international traffic shall include profits derived from the rental on a bare boat basis of ships or aircraft used in international traffic, if such profits are incidental to the profits to which the provisions of paragraph 1 apply.</p>	<p>of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.</p> <p>7. For the purposes of the preceding paragraphs of this Article, 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.</p> <p>8. Where profits include items of income which are dealt with separately in other Articles of the Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.</p> <p>9. The term “business profits” includes, but is not limited to income derived from manufacturing, trade, banking, insurance, from the operation of inland transportation, the furnishing of services and the rental of tangible personal movable property.</p> <p style="text-align: center;">Article 8</p> <p style="text-align: center;">Shipping and Air Transport</p> <p>1. 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.</p>
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and Air Transport

1. 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. Profits from the operation of boats engaged in inland waterways transport shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.
3. If the place of effective management of a shipping enterprise or of an inland waterways transport enterprise is aboard a ship or boat, then it shall be deemed to be situated in the Contracting State in which the home harbour of the ship or boat is situated, or, if there is no such home harbour, in the Contracting State of which the operator of the ship or boat is a resident.

3. Profits of an enterprise of a Contracting State from the use or rental of containers (including trailers, barges and related equipment for the transport of containers) used for the transport in international traffic of goods or merchandise shall be taxable only in that State.

4. The provisions of paragraph 1 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

Article 9

Associated Enterprises

2. If the place of effective management of a shipping enterprise is aboard a ship or boat, then it shall be deemed to be situated in the Contracting State in which the home harbour of the ship or boat is situated, or, if there is no such home harbour, in the Contracting State of which the operator of the ship or boat is a resident.

3. For the purposes of this Article, profits from the operation of ships or aircraft in international traffic include:

- (a) profits derived from the rental on a bareboat basis of ships or aircraft; and
- (b) profits derived from the use or rental of containers (including trailers and related equipment for the transport of containers) used for the transport of goods or merchandise;

where such rental or such use or rental, as the case may be, is incidental to the operation of such ships or aircraft in international traffic.

<p>4. The provisions of paragraph 1 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.</p> <p style="text-align: center;">Article 9</p> <p>Associated Enterprises</p> <p>1. Where</p> <p>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</p> <p>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,</p> <p>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</p>	<p>1. Where</p> <p>(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</p> <p>(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,</p> <p>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.</p> <p>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</p>	<p>4. The provisions of paragraph 1 of this Article shall also apply to profits from the participation in a pool, a joint business or an international operating agency.</p> <p style="text-align: center;">Article 9</p> <p style="text-align: center;">Associated Enterprises</p> <p>1. Where:</p> <p>(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</p> <p>(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,</p> <p>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.</p>
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<p>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.</p> <p>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 this Convention and the competent authorities of the Contracting States shall if necessary consult each other.</p> <p style="text-align: center;">Article 10</p> <p style="text-align: center;">Dividends</p> <p>1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in</p>	<p>independent enterprises, then that other State may 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 this Agreement and the competent authorities of the Contracting States shall if necessary consult each other.</p> <p style="text-align: center;">Article 10</p> <p style="text-align: center;">Dividends</p> <p>1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.</p> <p>2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed:</p> <p>(a) ... per cent of the gross amount of the dividends if the beneficial owner is a company which holds at least 25 per cent of the capital of the company paying the dividends; or</p> <p>(b) ... per cent of the gross amount of the dividends in all other cases.</p>	<p>2. Where a Contracting State includes in the profits of an enterprise of that Contracting State – and taxes accordingly – profits on which an enterprise of the other Contracting State has been charged to tax in that other Contracting State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned Contracting State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other Contracting 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 this Convention and the competent authorities of the Contracting States shall if necessary consult each other.</p> <p style="text-align: center;">Article 10</p> <p style="text-align: center;">Dividends</p> <p>1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other Contracting State.</p> <p>2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that Contracting State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed:</p>
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<p>that other State.</p> <p>2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed:</p> <p>a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends;</p> <p>b) 15 per cent of the gross amount of the dividends in all other cases.</p> <p>The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of these limitations.</p> <p>This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.</p> <p>3. The term "dividends" as used in this Article means income from shares, "jouissance" shares or "jouissance" rights, mining shares, founders' shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the State of</p>	<p>The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of these limitations.</p> <p>This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.</p> <p>3. The term "dividends" as used in this Article means income from shares or other rights participating in profits (not being debt-claims), as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.</p> <p>4. 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 shall apply.</p>	<p>(a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 10 per cent of the capital of the company paying the dividends; or</p> <p>(b) 10 per cent of the gross amount of the dividends in all other cases.</p> <p>This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.</p> <p>3. The term "dividends" as used in this Article means income from shares or other rights participating in profits (not being debt-claims), as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the Contracting State of which the company making the distribution is a resident.</p> <p>4. The provisions of paragraphs 1 and 2 of this Article 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</p>
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<p>which the company making the distribution is a resident.</p> <p>4. 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 shall apply.</p> <p>5. 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 dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.</p>	<p>5. 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 in so far as such dividends are paid to a resident of that other State or in so far 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 undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.</p> <p style="text-align: center;">Article 11</p> <p style="text-align: center;">Interest</p> <p>1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.</p> <p>2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed per cent of the gross amount of the interest.</p> <p>The competent authorities of the Contracting</p>	<p>establishment situated therein, or performs in that other Contracting State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or Article 14, as the case may be, shall apply.</p> <p>5. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other Contracting State may not impose any tax on the dividends paid by the company, except in so far as such dividends are paid to a resident of that other Contracting State or in so far as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other Contracting 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 Contracting State.</p> <p style="text-align: center;">Article 11</p> <p style="text-align: center;"><i>Income from Debt-claims</i></p> <p>1. Income from debt-claims arising in a Contracting State and paid to a resident of the other</p>
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<p style="text-align: center;">Article 11</p> <p>Interest</p> <ol style="list-style-type: none"> 1. Interest 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 interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the interest. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation. 3. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article. 	<p>States shall by mutual agreement settle the mode of application of this limitation.</p> <ol style="list-style-type: none"> 3. The term "interest" as used in this Article means income from debt claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article. 4. 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 shall apply. 5. 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 that person is a resident of a Contracting State or not, has in a 	<p>Contracting State may be taxed in that other Contracting State.</p> <ol style="list-style-type: none"> 2. However, such income from debt-claims may also be taxed in the Contracting State in which it arises and according to the laws of that Contracting State, but if the beneficial owner of the income from debt-claims is a resident of the other Contracting State, the tax so charged shall not exceed 5 per cent of the gross amount of the income from debt-claims. 3. The term "income from debt-claims" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as income from debt-claims for the purposes of this Article. 4. The provisions of paragraphs 1 and 2 of this Article shall not apply if the beneficial owner of the income from debt-claims, being a resident of a Contracting State, carries on business in the other Contracting State in which the income from debt-claims arises, through a permanent establishment situated therein, or performs in that other State independent personal services
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<p>4. 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 shall apply.</p> <p>5. 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.</p> <p>6. 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, having regard to the debt-claim for which it is paid, exceeds the</p>	<p>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.</p> <p>6. 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, having regard to the debt-claim for which it is 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 Agreement.</p> <p style="text-align: center;">Article 12</p> <p style="text-align: center;">Royalties</p> <p>1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.</p> <p>2. However, such royalties may also be taxed in the Contracting State in which they arise, and</p>	<p>from a fixed base situated therein, and the debt-claim in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or Article 14, as the case may be, shall apply.</p> <p>5. Income from debt-claims shall be deemed to arise in a Contracting State when the payer is a resident of that Contracting State. Where, however, the person paying such income, whether that person is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the indebtedness on which the income is paid was incurred, and such income is borne by such permanent establishment or fixed base, then such income shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.</p> <p>6. 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 income from debt-claims, having regard to the debt-claim for which it is 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.</p>
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<p>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.</p> <p style="text-align: center;">Article 12</p> <p>Royalties</p> <ol style="list-style-type: none"> 1. Royalties arising in a Contracting State and beneficially owned by a resident of the other Contracting State shall be taxable only in that other State. 2. 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, 	<p>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 per cent of the gross amount of the royalties.</p> <p>The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.</p> <ol style="list-style-type: none"> 3. 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 cinematograph films and films, tapes or discs for radio or television broadcasting), any patent, trade mark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience. 4. The provisions of paragraphs 1 and 2 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 case the provisions of Article 7 shall apply. 	<p style="text-align: center;">Article 12</p> <p>Royalties</p> <ol style="list-style-type: none"> 1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other Contracting State. 2. However, such royalties may also be taxed in the Contracting State in which they arise, and according to the laws of that Contracting State, but if the beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the royalties. 3. 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 cinematograph films, or films, tapes or discs used for radio or television broadcasting), any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.
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<p>any copyright of literary, artistic or scientific work including cinematograph films, any patent, trade mark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience.</p> <p>3. The provisions of paragraph 1 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 case the provisions of Article 7 shall apply.</p>	<p>5. 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 that person is a resident of a Contracting State or not, has in a Contracting State a permanent establishment with which the right or property in respect of which the royalties are paid is effectively connected, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the State in which the permanent establishment is situated.</p> <p>6. 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 Agreement.</p> <p style="text-align: center;">Article 13</p> <p style="text-align: center;">Capital Gains</p>	<p>4. The provisions of paragraphs 1 and 2 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, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or Article 14, as the case may be, shall apply.</p> <p>5. Royalties shall be deemed to arise in a Contracting State when the payer is a resident of that Contracting State. Where, however, the person paying the royalties, whether that person is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.</p> <p>6. 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,</p>
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<p>4. 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.</p>	<ol style="list-style-type: none"> 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. 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. 	<p>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.</p>
<p style="text-align: center;">Article 13</p> <p>Capital Gains</p> <ol style="list-style-type: none"> 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. 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 	<ol style="list-style-type: none"> 3. Gains of an enterprise of a Contracting State from the alienation of ships or aircraft operated in international traffic or movable property pertaining to the operation of such ships or aircraft, shall be taxable only in that State. 4. Gains derived by a resident of a Contracting State from the alienation of shares deriving more than 50 per cent of their value directly or indirectly from immovable property situated in the other Contracting State may be taxed in that other State. 	<p style="text-align: center;">Article 13</p> <p>Capital Gains</p> <ol style="list-style-type: none"> 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 Contracting State. 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 or of 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, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other Contracting State.

<p>the alienation of such a permanent establishment (alone or with the whole enterprise), may be taxed in that other State.</p> <p>3. Gains from the alienation of ships or aircraft operated in international traffic, boats engaged in inland waterways transport or movable property pertaining to the operation of such ships, aircraft or boats, shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.</p> <p>4. Gains derived by a resident of a Contracting State from the alienation of shares deriving more than 50 per cent of their value directly or indirectly from immovable property situated in the other Contracting State may be taxed in that other State.</p> <p>5. Gains from the alienation of any property other than that referred to in paragraphs 1, 2, 3 and 4, shall be taxable only in the Contracting State of which the alienator is a resident.</p>	<p>5. Gains from the alienation of any property other than that referred to in the preceding paragraphs of this Article, shall be taxable only in the Contracting State of which the alienator is a resident.</p>	<p>3. Gains from the alienation of ships or aircraft operated in international traffic, or 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.</p> <p>4. Gains from the alienation of shares of the capital stock of a company the property of which consists directly or indirectly principally of immovable property situated in a Contracting State may be taxed in that Contracting State.</p> <p>5. Gains from the alienation of shares other than those mentioned in paragraph 4 of this Article representing a participation of 25 per cent in a company which is a resident of a Contracting State may be taxed in that Contracting State.</p> <p>6. Gains derived from the alienation of any property other than that referred to in the preceding paragraphs of this Article, shall be taxable only in the Contracting State of which the alienator is a resident.</p> <p>Article 14</p> <p>Independent Personal Services</p> <p>1. Income derived by an individual who is a</p>
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<p style="text-align: center;">[Article 14 Independent Personal Services]</p> <p style="text-align: center;">Article Deleted</p>	<p style="text-align: center;">Article 14</p> <p style="text-align: center;">Income from Employment</p> <p>1. Subject to the provisions of Articles 15, 17 and 18, 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</p>	<p>resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that Contracting State except in the following circumstances, when such income may also be taxed in the other Contracting State:</p> <ul style="list-style-type: none"> (a) if such a fixed base is regularly available to the individual in the other Contracting State for the purpose of performing the individual's 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; or (b) if the individual's stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned; in that case, only so much of the income as is derived from the individual's activities performed in that other Contracting State may be taxed in that other Contracting State; or (c) if the remuneration for the individual's activities in the other Contracting State is paid by a resident of that Contracting State or is borne by a permanent establishment situated in that Contracting State and exceeds the equivalent of 100 000 US dollars in the fiscal year concerned.
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<p style="text-align: center;">Article 15</p> <p>Income from Employment</p> <p>1. Subject to the provisions of Articles 16, 18 and 19, 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.</p> <p>2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment</p>	<p>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.</p> <p>2. Notwithstanding the provisions of paragraph 1, 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:</p> <p>(a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned, and</p> <p>(b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and</p> <p>(c) the remuneration is not borne by a permanent establishment which the employer has in the other State.</p> <p>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 by an enterprise of a Contracting State may be taxed in that State.</p>	<p>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.</p> <p style="text-align: center;">Article 15</p> <p style="text-align: center;"><i>Dependent Personal Services</i></p> <p>1. Subject to the provisions of Articles 16, 18, 19 and 21, 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 Contracting 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 Contracting State.</p> <p>2. Notwithstanding the provisions of paragraph 1 of this Article, 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 Contracting State if:</p> <p>(a) the recipient is present in the other Contracting State for a period or periods not exceeding in the aggregate 183</p>
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<p>exercised in the other Contracting State shall be taxable only in the first-mentioned State if:</p> <p>a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in any twelve month period commencing or ending in the fiscal year concerned, and</p> <p>b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and</p> <p>c) the remuneration is not borne by a permanent establishment which the employer has in the other State.</p> <p>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, or aboard a boat engaged in inland waterways transport, may be taxed in the Contracting State in which the place of effective management of the enterprise is situated.</p>	<p style="text-align: center;">Article 15</p> <p style="text-align: center;">Directors' Fees</p> <p>Directors' fees and other similar payments derived by a resident of a Contracting State in that person's capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other State.</p> <p style="text-align: center;">Article 16</p> <p style="text-align: center;">Entertainers and Sportspersons</p> <p>1. Notwithstanding the provisions of Articles 7 and 14, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television</p>	<p>days in any twelve-month period commencing or ending in the fiscal year concerned, and</p> <p>(b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other Contracting State, and</p> <p>(c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other Contracting State.</p> <p>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.</p> <p>4. An individual who is both a national of a Contracting State and an employee of an enterprise of that Contracting State the principal business of which consists of the operation of aircraft in international traffic and who derives remuneration in respect of duties performed in the other Contracting State shall be exempt from tax in that other Contracting State on remuneration derived from the employee's employment with that enterprise for a period of five years beginning on the date on which the employee first performs duties in that other Contracting State.</p>
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<p>Article 16</p> <p>Directors' Fees</p> <p>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 of a company which is a resident of the other Contracting State may be taxed in that other State.</p> <p style="text-align: center;">Article 17</p> <p>Artistes and Sportsmen</p> <p>1. Notwithstanding the provisions of Articles 7 and 15, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsman, from his personal activities as such exercised in the</p>	<p>artiste, or a musician, or as a sportsperson, from that person's personal activities as such exercised in the other Contracting State, may be taxed in that other State.</p> <p>2. Where income in respect of personal activities exercised by an entertainer or a sportsperson in that person's capacity as such accrues not to the entertainer or sportsperson but to another person, that income may, notwithstanding the provisions of Articles 7 and 14, be taxed in the Contracting State in which the activities of the entertainer or sportsperson are exercised.</p> <p style="text-align: center;">Article 17</p> <p style="text-align: center;">Pensions and Annuities</p> <p>1. Subject to the provisions of paragraph 2 of Article 18, pensions and other similar remuneration, and annuities, arising in a Contracting State and paid to a resident of the</p>	<p style="text-align: center;">Article 16</p> <p>Directors' Fees</p> <p>Directors' fees and other similar payments derived by a resident of a Contracting State in that person's capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other Contracting State.</p> <p style="text-align: center;">Article 16</p> <p style="text-align: center;">Artists and Sportspersons</p> <p>1. Notwithstanding the provisions of Articles 7, 14 and 15, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsperson, from that person's personal activities as such exercised in the other Contracting State, may be taxed in that other Contracting State.</p> <p>2. Where income in respect of personal activities exercised by an entertainer or a sportsperson in that person's capacity as such accrues not to the entertainer or sportsperson 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 sportsperson are exercised.</p>
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<p>other Contracting State, may be taxed in that other State.</p> <p>2. Where income in respect of personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles 7 and 15, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.</p> <p style="text-align: center;">Article 18</p> <p>Pensions</p> <p>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 shall be taxable only in that State.</p>	<p>other Contracting State, may be taxed in the first-mentioned State.</p> <p>2. The term “annuity” means a stated sum payable periodically at stated times during life or during a specified or ascertainable period of time under an obligation to make the payments in return for adequate and full consideration in money or money’s worth.</p> <p style="text-align: center;">Article 18</p> <p style="text-align: center;">Government Service</p> <p>1. (a) Salaries, wages and other similar remuneration paid by a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.</p> <p>(b) However, such salaries, wages and other similar remuneration shall be</p>	<p>3. Income derived by a resident of a Contracting State from activities exercised in the other Contracting State as envisaged in paragraphs 1 and 2 of this Article, shall be exempt from tax in that other Contracting State if the visit to that other Contracting State is supported wholly or mainly by public funds of the first-mentioned Contracting State, a political or administrative subdivision or a local authority thereof, or takes place under a cultural agreement or arrangement between the Governments of the Contracting States.</p> <p style="text-align: center;">Article 18</p> <p style="text-align: center;">Pensions and Annuities</p> <p>1. Subject to the provisions of paragraph 2 of Article 19, pensions and other similar remuneration, and annuities, arising in a Contracting State and paid to a resident of the other Contracting State, may be taxed in the first-mentioned Contracting State.</p> <p>2. Notwithstanding the provisions of paragraph 1 of this Article, pensions paid and other payments made under a public scheme which is part of the social security system of a Contracting State or a political or administrative subdivision or a local authority thereof shall be taxable only in that Contracting State.</p>
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<p style="text-align: center;">Article 19</p> <p>Government Service</p> <p>1. a) Salaries, wages and other similar remuneration paid by a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.</p> <p>b) However, such salaries, wages and</p>	<p>taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State who:</p> <p>(i) is a national of that State; or (ii) did not become a resident of that State solely for the purpose of rendering the services.</p> <p>2. (a) Notwithstanding the provisions of paragraph 1, pensions and other similar remuneration paid by, or out of funds created by, a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.</p> <p>(b) However, such pension or other similar remuneration shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that State.</p> <p>3. The provisions of Articles 14, 15, 16 and 17 shall apply to salaries, wages, pensions, and other similar remuneration in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or a local authority thereof.</p>	<p>3. The term “annuity” means a stated sum payable periodically at stated times during life or during a specified or ascertainable period of time under an obligation to make the payments in return for adequate and full consideration in money or money’s worth.</p> <p style="text-align: center;">Article 19</p> <p>Government Service</p> <p>1. (a) Salaries, wages and other similar remuneration paid by a Contracting State or a political or administrative subdivision or a local authority thereof to an individual in respect of services rendered to that Contracting State or subdivision or authority shall be taxable only in that Contracting State.</p> <p>(b) However, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting State if the services are rendered in that other Contracting State and the individual is a resident of that Contracting State who:</p> <p>(i) is a national of that Contracting State; or (ii) did not become a resident of that Contracting State solely for the purpose of rendering the</p>
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<p>other similar remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State who:</p> <p>(i) is a national of that State; or (ii) did not become a resident of that State solely for the purpose of rendering the services.</p> <p>2. a) Notwithstanding the provisions of paragraph 1, pensions and other similar remuneration paid by, or out of funds created by, a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.</p> <p>b) However, such pension or other similar remuneration shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that State.</p> <p>3. The provisions of Articles 15, 16, 17, and 18 shall apply to salaries, wages, pensions, and other similar remuneration in respect of services rendered in connection with a</p>	<p style="text-align: center;">Article 19</p> <p style="text-align: center;">Students</p> <p>A student who is present in a Contracting State solely for the purpose of the student's education or training and who is, or immediately before being so present was, a resident of the other Contracting State, shall be exempt from tax in the first-mentioned State on payments received from outside that first-mentioned State for the purposes of the student's maintenance, education or training.</p>	<p style="text-align: right;">services.</p> <p>2. (a) Notwithstanding the provisions of paragraph 1 of this Article, pensions and other similar remuneration paid by, or out of funds created by, a Contracting State or a political or administrative subdivision or a local authority thereof to an individual in respect of services rendered to that Contracting State or subdivision or authority shall be taxable only in that Contracting State.</p> <p>(b) However, such pensions and other similar remuneration shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that other Contracting State.</p> <p>3. The provisions of Articles 15, 16, 17, 18 and 21 shall apply to salaries, wages, pensions, and other similar remuneration in respect of services rendered in connection with a business carried on by a Contracting State or a political or administrative subdivision or a local authority thereof.</p> <p style="text-align: center;">Article 20</p> <p style="text-align: center;">Students</p> <p>1. A student who is present in a Contracting State solely for the purpose of the student's</p>
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business carried on by a Contracting State or a political subdivision or a local authority thereof.

Article 20

Students

Payments which a student or business apprentice 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.

Article 20

Other Income

1. Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Agreement shall be taxable only in that State.
2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6,

education or training and who is, or immediately before being so present was, a resident of the other Contracting State, shall be exempt from tax in the first-mentioned Contracting State on payments received from outside that first-mentioned Contracting State for the purposes of the student's maintenance, education or training.

2. In respect of grants, scholarships and remuneration from employment not covered by paragraph 1 of this Article, a student envisaged in paragraph 1 of this Article shall, in addition, be entitled during such education or training to the same exemptions, reliefs or reductions in respect of taxes available to residents of the Contracting State which such student is visiting.

Article 21

Teachers and Researchers

1. Notwithstanding the provisions of Article 15, a professor or teacher who is invited to visit one of the Contracting States for a period not exceeding in the aggregate two years from the date of first arrival in that Contracting State, solely for the purpose of teaching or carrying out research at a university, college, school or other educational institution in that Contracting State and who is, or immediately before such visit was, a resident of the other Contracting State shall, in respect of remuneration for such teaching or research, be exempt from tax in

<p style="text-align: center;">Article 21</p> <p>Other Income</p> <p>1. Items of income of a resident of a Contracting State, wherever arising, not dealt with in the</p>	<p>if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein and the right or property in respect of which the income is paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.</p> <p>3. Notwithstanding the provisions of paragraphs 1 and 2, items of income of a resident of a Contracting State not dealt with in the foregoing Articles of the Agreement and arising in the other Contracting State may also be taxed in that other State.</p>	<p>the first-mentioned Contracting State, provided that such remuneration is derived by that professor or teacher from outside that Contracting State.</p> <p>2. The provisions of this Article shall not apply to income from research if such research is undertaken not in the public interest but wholly or mainly for the private benefit of a specific person or persons.</p> <p style="text-align: center;">Article 22</p> <p>Other Income</p> <p>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 Contracting State.</p> <p>2. The provisions of paragraph 1 of this Article shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein, or performs in that other Contracting State independent personal services from a fixed base situated therein, and the right or property in</p>
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foregoing Articles of this Convention shall be taxable only in that State.

2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein and the right or property in respect of which the income is paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

**CHAPTER IV
TAXATION OF CAPITAL**

Article 22

respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or Article 14, as the case may be, shall apply.

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, items of income of a resident of a Contracting State not dealt with in the foregoing Articles of the Convention and arising in the other Contracting State may also be taxed in that 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 Contracting State.
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

<p>Capital</p> <p>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.</p> <p>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 may be taxed in that other State.</p> <p>3. Capital represented by ships and aircraft operated in international traffic and by boats engaged in inland waterways transport, and by movable property pertaining to the operation of such ships, aircraft and boats, shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.</p> <p>4. All other elements of capital of a resident of a Contracting State shall be taxable only in that State.</p> <p style="text-align: center;">CHAPTER V</p>	<p style="text-align: center;">Article 21</p> <p style="text-align: center;">Elimination of Double Taxation</p> <p>Double taxation shall be eliminated as follows:</p> <p>(a) in,</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....</p> <p>.....;</p> <p>(b) in South Africa, subject to the provisions of the law of South Africa regarding the deduction from tax payable in South Africa of tax payable in any country other than South Africa (which shall not affect the general principle hereof), tax paid by residents of South Africa in respect of income taxable in, in accordance with the provisions of this Agreement, shall be</p>	<p>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 that other Contracting State.</p> <p>3. Capital represented by ships and aircraft operated in international traffic and by movable property pertaining to the operation of such ships and aircraft, shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.</p> <p>4. All other elements of capital of a resident of a Contracting State shall be taxable only in that Contracting State.</p> <p style="text-align: center;">Article 24</p>
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<p style="text-align: center;">METHODS FOR ELIMINATION OF DOUBLE TAXATION</p> <p style="text-align: center;">Article 23 A</p> <p>Exemption Method</p> <p><i>The exemption method is not applied by either Saudi Arabia or South Africa.</i></p> <p style="text-align: center;">Article 23 B</p> <p style="text-align: center;">Credit Method</p> <p>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:</p> <p>a) as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in that other State;</p> <p>b) as a deduction from the tax on the capital of that resident, an amount equal to the capital tax paid in that other State.</p> <p>Such deduction in either case shall not,</p>	<p>deducted from the taxes due according to South African fiscal law. Such deduction shall not, however, exceed an amount which bears to the total South African tax payable the same ratio as the income concerned bears to the total income.</p> <p style="text-align: center;">Article 22</p> <p style="text-align: center;">Non-discrimination</p> <p>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. This provision shall, notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the Contracting</p>	<p style="text-align: center;">Methods for Elimination of Double Taxation</p> <p>1. Double taxation shall be eliminated as follows:</p> <p>(a) in the case of the Kingdom of Saudi Arabia, where a resident of the Kingdom of Saudi Arabia derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in South Africa, the Kingdom of Saudi Arabia shall deduct the amount paid in South Africa, as a tax specified in Article 2 of this Convention, against the tax levied in the Kingdom of Saudi Arabia. The amount of such deduction shall not, however, exceed the amount of tax on that income or capital computed in accordance with the taxation laws and regulations of the Kingdom of Saudi Arabia;</p> <p>(b) in the case of South Africa, subject to the provisions of the law of South Africa regarding the deduction from tax payable in South Africa of tax payable in any country other than South Africa (which shall not affect the general principle hereof), Saudi tax paid by residents of South Africa in respect of income taxable in the Kingdom of Saudi Arabia, in accordance with the provisions of this Convention, shall be deducted from the taxes due according to South African fiscal law. Such deduction shall not, however, exceed an amount which bears to the total</p>
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<p>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.</p> <p>2. Where in accordance with any provision of the 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.</p> <p style="text-align: center;">CHAPTER VI SPECIAL PROVISIONS</p> <p style="text-align: center;">Article 24</p> <p>Non-discrimination</p>	<p>States.</p> <p>2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably 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.</p> <p>3. Except where the provisions of paragraph 1 of Article 9, paragraph 5 of Article 11 or paragraph 6 of Article 12 apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State.</p>	<p>South African tax payable the same ratio as the income concerned bears to the total income.</p> <p>2. In the case of the Kingdom of Saudi Arabia, the methods for elimination of double taxation will not prejudice the provisions of the Zakat collection regime as regards Saudi nationals.</p>
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<p>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. This provision shall, notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the Contracting States.</p> <p>2. Stateless persons who are residents of a Contracting State shall not be subjected in either 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 the State concerned in the same circumstances, in particular with respect to residence, are or may be subjected.</p> <p>3. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably 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.</p>	<p>4. 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.</p> <p>5. Nothing contained in this Article shall prevent South Africa from imposing on the profits attributable to a permanent establishment in South Africa of a company, which is a resident of, a tax at a rate which does not exceed the rate of normal tax on companies by more than five percentage points.</p> <p>6. The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description.</p> <p style="text-align: center;">Article 23</p> <p style="text-align: center;">Mutual Agreement Procedure</p>	
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<p>4. Except where the provisions of paragraph 1 of Article 9, paragraph 6 of Article 11, or paragraph 4 of Article 12, apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State. Similarly, any debts of an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable capital of such enterprise, be deductible under the same conditions as if they had been contracted to a resident of the first-mentioned State.</p> <p>5. 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.</p>	<p>1. Where a person considers that the actions of one or both of the Contracting States result or will result for that person in taxation not in accordance with the provisions of this Agreement, that person may, irrespective of the remedies provided by the domestic law of those States, present a case to the competent authority of the Contracting State of which the person is a resident or, if the case comes under paragraph 1 of Article 22, to that of the Contracting State of which the person 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 Agreement.</p> <p>2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with the Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.</p> <p>3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Agreement. They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.</p>	<p style="text-align: center;">Article 25</p> <p style="text-align: center;">Mutual Agreement Procedure</p> <p>1. Where a person considers that the actions of one or both of the Contracting States result or will result for that person in taxation not in accordance with the provisions of this Convention, that person may, irrespective of the</p>
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<p>6. The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description.</p> <p style="text-align: center;">Article 25</p> <p>Mutual Agreement Procedure</p> <p>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 24, 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.</p> <p>2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the</p>	<p>4. The competent authorities of the Contracting States may communicate with each other directly, including through a joint commission consisting of themselves or their representatives, for the purpose of reaching an agreement in the sense of the preceding paragraphs.</p> <p style="text-align: center;">Article 24</p> <p style="text-align: center;">Exchange of Information</p> <p>1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Agreement or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions in so far as the taxation thereunder is not contrary to the Agreement.</p>	<p>remedies provided by the domestic law of those Contracting States, present a case to the competent authority of the Contracting State of which the person is a resident. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Convention.</p> <p>2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other 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.</p> <p>3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. They may also consult together for the elimination of double taxation in cases not provided for in the Convention.</p> <p>4. The competent authorities of the Contracting States may communicate with each other for the purpose of reaching an agreement in the sense of the preceding paragraphs of this Article. When it seems advisable in order to</p>
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<p>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.</p> <p>3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. They may also consult together for the elimination of double taxation in cases not provided for in the Convention.</p> <p>4. The competent authorities of the Contracting States may communicate with each other directly, including through a joint commission consisting of themselves or their representatives, for the purpose of reaching an agreement in the sense of the preceding paragraphs.</p> <p style="text-align: center;">Article 26</p>	<p>The exchange of information is not restricted by Articles 1 and 2.</p> <p>2. Any information received under paragraph 1 by a Contracting State 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, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. 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.</p> <p>3. In no case shall the provisions of paragraphs 1 and 2 be construed so as to impose on a Contracting State the obligation:</p> <ul style="list-style-type: none"> (a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State; (b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State; (c) to supply information which would disclose any trade, business, industrial, commercial or professional 	<p>reach agreement to have an oral exchange of opinions, such exchange may take place through a Commission consisting of representatives of the competent authorities of the Contracting States.</p> <p>5. The competent authorities of the Contracting States may by mutual agreement settle the appropriate mode of application of the Convention and, especially, the requirements to which the residents of a Contracting State shall be subjected in order to obtain, in the other Contracting State, the tax reliefs or exemptions provided for by the Convention.</p> <p style="text-align: center;">Article 26</p> <p style="text-align: center;"><i>Exchange of Information</i></p> <p>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 in so far as the taxation thereunder is not contrary to the Convention in particular for the prevention of fraud or evasion of such taxes. The exchange of information is not restricted by Article 1. Any information received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that Contracting State and shall be disclosed only to</p>
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<p>Exchange of Information</p> <p>1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Convention or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Articles 1 and 2.</p> <p>2. Any information received under paragraph 1 by a Contracting State 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 referred to in paragraph 1, or the oversight of the above. 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.</p> <p>3. In no case shall the provisions of paragraphs 1 and 2 be construed so as to impose on a</p>	<p>secret or trade process, or information the disclosure of which would be contrary to public policy (ordre public).</p> <p>4. If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.</p> <p>5. In no case shall the provisions of paragraph 3 be construed to permit a Contracting State to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.</p> <p style="text-align: center;">Article 25</p> <p style="text-align: center;">Assistance in the Collection of Taxes</p> <p>1. The Contracting States shall lend assistance to each other in the collection of revenue claims. This assistance is not restricted by Articles 1 and 2. The competent authorities of the</p>	<p>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 covered by 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.</p> <p>2. In no case shall the provisions of paragraph 1 of this Article be construed so as to impose on a Contracting State the obligation:</p> <p>(a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;</p> <p>(b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;</p> <p>(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.</p>
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<p>Contracting State the obligation:</p> <p>a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;</p> <p>b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;</p> <p>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).</p> <p>4. If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraphs of paragraph 3 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.</p> <p>5. In no case shall the provisions of paragraph 3 be construed to permit a Contracting State to</p>	<p>Contracting States may by mutual agreement settle the mode of application of this Article.</p> <p>2. The term "revenue claim" as used in this Article means an amount owed in respect of taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to this Agreement or any other instrument to which the Contracting States are parties, as well as interest, administrative penalties and costs of collection or conservancy related to such amount.</p> <p>3. When a revenue claim of a Contracting State is enforceable under the laws of that State and is owed by a person who, at that time, cannot, under the laws of that State, prevent its collection, that revenue claim shall, at the request of the competent authority of that State, be accepted for purposes of collection by the competent authority of the other Contracting State. That revenue claim shall be collected by that other State in accordance with the provisions of its laws applicable to the enforcement and collection of its own taxes as if the revenue claim were a revenue claim of that other State.</p> <p>4. When a revenue claim of a Contracting State is a claim in respect of which that State may, under its law, take measures of conservancy with a view to ensure its collection, that revenue claim shall, at the request of the competent authority of that State, be accepted</p>	
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decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.

Article 27

Assistance in the Collection of Taxes

1. The Contracting States shall lend assistance to each other in the collection of revenue claims. This assistance is not restricted by Articles 1 and 2. The competent authorities of the Contracting States may by mutual agreement settle the mode of application of this Article.
2. The term "revenue claim" as used in this Article means an amount owed in respect of taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to this Convention or any other instrument to which the Contracting States are parties, as well as interest, administrative penalties and costs of collection or conservancy related to such amount.
3. When a revenue claim of a Contracting State is enforceable under the laws of that State and is owed by a person who, at that time, cannot, under the laws of that State, prevent its collection, that revenue claim shall, at the request of the competent authority of that

for purposes of taking measures of conservancy by the competent authority of the other Contracting State. That other State shall take measures of conservancy in respect of that revenue claim in accordance with the provisions of its laws as if the revenue claim were a revenue claim of that other State even if, at the time when such measures are applied, the revenue claim is not enforceable in the first-mentioned State or is owed by a person who has a right to prevent its collection.

5. Notwithstanding the provisions of paragraphs 3 and 4, a revenue claim accepted by a Contracting State for purposes of paragraph 3 or 4 shall not, in that State, be subject to the time limits or accorded any priority applicable to a revenue claim under the laws of that State by reason of its nature as such. In addition, a revenue claim accepted by a Contracting State for the purposes of paragraph 3 or 4 shall not, in that State, have any priority applicable to that revenue claim under the laws of the other Contracting State.
6. Proceedings with respect to the existence, validity or the amount of a revenue claim of a Contracting State shall not be brought before the courts or administrative bodies of the other Contracting State.
7. Where, at any time after a request has been made by a Contracting State under paragraph 3 or 4 and before the other Contracting State has collected and remitted the relevant

<p>State, be accepted for purposes of collection by the competent authority of the other Contracting State. That revenue claim shall be collected by that other State in accordance with the provisions of its laws applicable to the enforcement and collection of its own taxes as if the revenue claim were a revenue claim of that other State.</p> <p>4. When a revenue claim of a Contracting State is a claim in respect of which that State may, under its law, take measures of conservancy with a view to ensure its collection, that revenue claim shall, at the request of the competent authority of that State, be accepted for purposes of taking measures of conservancy by the competent authority of the other Contracting State. That other State shall take measures of conservancy in respect of that revenue claim in accordance with the provisions of its laws as if the revenue claim were a revenue claim of that other State even if, at the time when such measures are applied, the revenue claim is not enforceable in the first-mentioned State or is owed by a person who has a right to prevent its collection.</p> <p>5. Notwithstanding the provisions of paragraphs 3 and 4, a revenue claim accepted by a Contracting State for purposes of paragraph 3 or 4 shall not, in that State, be subject to the time limits or accorded any priority applicable to a revenue claim under the laws of that State by reason of its nature as such. In addition, a revenue claim accepted by a Contracting State for the purposes of paragraph 3 or 4 shall not,</p>	<p>revenue claim to the first-mentioned State, the relevant revenue claim ceases to be</p> <p>(a) in the case of a request under paragraph 3, a revenue claim of the first-mentioned State that is enforceable under the laws of that State and is owed by a person who, at that time, cannot, under the laws of that State, prevent its collection, or</p> <p>(b) in the case of a request under paragraph 4, a revenue claim of the first-mentioned State in respect of which that State may, under its laws, take measures of conservancy with a view to ensure its collection</p> <p>the competent authority of the first-mentioned State shall promptly notify the competent authority of the other State of that fact and, at the option of the other State, the first-mentioned State shall either suspend or withdraw its request.</p> <p>8. In no case shall the provisions of this Article be construed so as to impose on a Contracting State the obligation:</p> <p>(a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;</p> <p>(b) to carry out measures which would be contrary to public policy (ordre public);</p>	
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<p>in that State, have any priority applicable to that revenue claim under the laws of the other Contracting State.</p> <p>6. Proceedings with respect to the existence, validity or the amount of a revenue claim of a Contracting State shall not be brought before the courts or administrative bodies of the other Contracting State.</p> <p>7. Where, at any time after a request has been made by a Contracting State under paragraph 3 or 4 and before the other Contracting State has collected and remitted the relevant revenue claim to the first-mentioned State, the relevant revenue claim ceases to be</p> <p>a) in the case of a request under paragraph 3, a revenue claim of the first-mentioned State that is enforceable under the laws of that State and is owed by a person who, at that time, cannot, under the laws of that State, prevent its collection, or</p> <p>b) in the case of a request under paragraph 4, a revenue claim of the first-mentioned State in respect of which that State may, under its laws, take measures of conservancy with a view to ensure its collection</p> <p>the competent authority of the first-mentioned State shall promptly notify the competent authority of the other State of that fact and, at</p>	<p>(c) to provide assistance if the other Contracting State has not pursued all reasonable measures of collection or conservancy, as the case may be, available under its laws or administrative practice;</p> <p>(d) to provide assistance in those cases where the administrative burden of that State is clearly disproportionate to the benefit to be derived by the other Contracting State.</p>	
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<p>the option of the other State, the first-mentioned State shall either suspend or withdraw its request.</p> <p>8. In no case shall the provisions of this Article be construed so as to impose on a Contracting State the obligation:</p> <ul style="list-style-type: none"> a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State; b) to carry out measures which would be contrary to public policy (ordre public); c) to provide assistance if the other Contracting State has not pursued all reasonable measures of collection or conservancy, as the case may be, available under its laws or administrative practice; d) to provide assistance in those cases where the administrative burden of that State is clearly disproportionate to the benefit to be derived by the other Contracting State. 	<p style="text-align: center;">Article 26</p> <p style="text-align: center;">Members of Diplomatic Missions and Consular Posts</p> <p>Nothing in this Agreement shall 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.</p> <p style="text-align: center;">Article 27</p> <p style="text-align: center;">Entry into Force</p> <p>1. Each of the Contracting States shall notify to the other in writing, through the diplomatic channel, of the completion of the procedures required by its law for the bringing into force of this Agreement. The Agreement shall enter</p>	<p style="text-align: center;">Article 27</p> <p style="text-align: center;">Miscellaneous Provisions</p> <p>1. Income envisaged in Articles 10, 11 and 12 which is derived by the Government (including the Saudi Arabian Monetary Agency in the case of Saudi Arabia and the South African Reserve Bank in the case of South Africa, and wholly owned State entities), of a Contracting State in the other Contracting State, together with any gains derived from the alienation of shares, debt-claims or rights from which such income is derived, shall be exempt from taxation in that other Contracting State.</p> <p>2. Nothing in this Convention shall be interpreted to mean that a Contracting State is prevented from applying its domestic law with regard to the prevention of tax evasion or tax avoidance.</p> <p style="text-align: center;">Article 28</p> <p style="text-align: center;">Members of Diplomatic Missions and Consular Posts</p>
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<p style="text-align: center;">Article 28</p> <p style="text-align: center;">Members of Diplomatic Missions and Consular Posts</p> <p>Nothing in this Convention shall 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.</p> <p style="text-align: center;">Article 29</p> <p style="text-align: center;">Territorial Extension¹</p> <p><i>An Article on Territorial Extension which is found in the OECD Model Convention is omitted from the South African Model Agreement as well as from the Convention with Saudi Arabia.</i></p>	<p>into force on the date of receipt of the later of these notifications.</p> <p>2. The provisions of the Agreement shall apply:</p> <p>(a) with regard to taxes withheld at source, in respect of amounts paid or credited on or after the first day of January next following the date upon which the Agreement enters into force; and</p> <p>(b) with regard to other taxes, in respect of taxable years beginning on or after the first day of January next following the date upon which the Agreement enters into force.</p> <p style="text-align: center;">Article 28</p> <p style="text-align: center;">Termination</p> <p>1. This Agreement shall remain in force indefinitely but either of the Contracting States may terminate the Agreement, through the diplomatic channel, by giving to the other Contracting State written notice of termination not later than 30 June of any calendar year starting five years after the year in which the Agreement entered into force.</p> <p>2. In such event the Agreement shall cease to apply:</p>	<p>Nothing in this Convention shall 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.</p> <p style="text-align: center;">Article 29</p> <p style="text-align: center;">Entry into Force</p> <p>1. Each of the Contracting States shall notify to the other, through the diplomatic channel the completion of the procedures required by its law for the entry into force of this Convention. The Convention shall enter into force on the first day of the second month following the month in which the later of these notifications was</p>
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CHAPTER VII
FINAL PROVISIONS

Article 30

Entry into Force

1. This Convention shall be ratified and the instruments of ratification shall be exchanged at as soon as possible.

2. The Convention shall enter into force upon the exchange of instruments of ratification and its provisions shall have effect:
 - a) (in State A):
 - b) (in State B):

- (a) with regard to taxes withheld at source, in respect of amounts paid or credited after the end of the calendar year in which such notice is given; and

- (b) with regard to other taxes, in respect of taxable years beginning after the end of the calendar year in which such notice is given.

received.

2. The provisions of the Convention shall apply:
 - (a) with regard to taxes withheld at source, in respect of amounts paid or credited on or after the first day of January next following the date upon which the Convention enters into force; and

 - (b) with regard to other taxes, in respect of taxable years beginning on or after the first day of January next following the date upon which the Convention enters into force.

Article 30

Termination

1. This Convention shall remain in force indefinitely but either of the Contracting States may terminate the Convention through the diplomatic channel, by giving to the other Contracting State written notice of termination not later than 30 June of any calendar year starting five years after the year in which the Convention entered into force.

2. In such event the Convention shall cease to apply:

Article 31

Termination

This Convention shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year after the year In such event, the Convention shall cease to have effect:

- a) (in State A):
- b) (in State B):

- (a) with regard to taxes withheld at source, in respect of amounts paid or credited after the end of the calendar year in which such notice is given; and
- (b) with regard to other taxes, in respect of taxable years beginning after the end of the calendar year in which such notice is given.