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**CONVENTION
BETWEEN
THE ARAB REPUBLIC OF EGYPT
AND
THE SYRIAN ARAB REPUBLIC
FOR
THE AVOIDANCE OF DOUBLE TAXATION
AND PREVENTION OF FISCAL EVASION
WITH THE RESPECT TO TAXES ON INCOME**

Preamble

The Government of the Arab Republic of Egypt and the Government of the Syrian Arab Republic,
Desiring to conclude a Convention to avoid double taxation on income, and to prevent fiscal evasion with respect to taxes on income,

have agreed as follows:

Chapter 1
SCOPE OF THE CONVENTION

ARTICLE 1
TAXES 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 imposed on behalf of a Contracting State or its political subdivisions or local authorities, irrespective of the manner in which they are levied.
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 and immovable property and taxes on the total amounts of wages and salaries paid by enterprises.
3. The existing taxes to which the Convention shall apply are in particular:
 - (a) In the case of **the Arab Republic of Egypt**:
 - the tax on income derived from immovable property (including the land tax, the building tax and the ghaffir tax);
 - the tax on income derived from movable property;
 - the tax on commercial and industrial profits;
 - the tax on wages, salaries, indemnities and annuities;
 - the tax on profits from liberal professions and other non-commercial professions;
 - the general income tax;
 - the corporation profit tax;
 - the duty for the development of the financial resources of the State introduced under Law No. 147 of 1984;
 - the stamp tax introduced under Law No. 111 of 1980;
 - the Supplementary taxes imposed as percentage of taxes mentioned above or otherwise (hereinafter referred to as "Egyptian taxes").
 - (b) In the case of the **Syrian Arab Republic**:
 - the income tax on commercial, industrial and non-commercial (independent professions) and profits from vehicles;
 - the income tax on salaries and wages;
 - the income tax on non-residents;
 - the income tax on revenue on movable capital;
 - the tax on real estate and lands;
 - the tax on agricultural production;
 - surcharges imposed currently or in the future as percentages of the above-mentioned taxes or in any other form or rate (hereinafter referred to as "Syrian tax").

4. The convention shall also apply 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.

Chapter 2 DEFINITIONS

ARTICLE 3 GENERAL DEFINITIONS

1. For the purpose of this Convention, unless the context otherwise requires:
 - (1) The term "**Egypt**" (the Arab Republic of Egypt) means when used in a geographical sense, it means:
 - (a) the national territory;
 - (b) the territorial seas;
 - (c) The area beyond and adjacent to the territorial seas over which Egypt exercises sovereign rights in accordance with international law for the purpose of exploring and exploiting, conserving and managing the natural resources, whether living or non-living, of the waters superjacent to the seabed and of the seabed and its subsoil, and with regard to other activities for the economic exploitation and exploration of the zone and all other rights;
 - (d) the Continental shelf.
 - (2) The term **Syria** (the Syrian Arab Republic) means in its geographical sense, which means the territory of the Syrian Arab Republic including the territorial sea, continental shelf and all other regions located outside of the Syrian territorial waters within which, in accordance with international law and its national legislation, Syria exercises sovereign rights for the purposes of extracting and exploiting its natural, mineral resources and all other rights in the water, on land and under the seabed.
 - (a) The terms "a Contracting State" and "the other Contracting State" mean Egypt or Syria as the context requires;
 - (b) The term "person" includes an individual, a company and any other body of persons;
 - (c) The term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;
 - (d) 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;
 - (e) The term "tax" means either Egyptian tax or Syrian tax, as the context requires;
 - (f) 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;
 - (g) The term "competent authorities" means:

- the Minister of Finance or his legal representative for Egypt.
- the Minister of Finance or his legal representative for Syria.

(h) The term "national" means:

- any individual possessing the nationality of a Contracting State; and
- any legal person, partnership or company deriving its status as such from the laws in force in a Contracting State.

ARTICLE 4

RESIDENT (Tax residence)

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 subject to the taxes imposed by reason of his domicile, residence, place of management or any other criterion of a similar nature.
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:
 - (a) he shall be deemed to be a resident 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 of the State with which his personal and economic relations are closer (centre of vital interests).
 - (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 of the State in which he has an habitual abode.
 - (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.
 - (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.
3. Where by reason of the provisions of paragraph 1, a company is a resident of both Contracting States, its residency for tax purposes shall be determined as follows:
 - (a) It will be a resident of the State of which it possesses the nationality.
 - (b) If it holds the nationality of neither State, it shall be deemed to be a resident only of the State in which its place of effective management is situated (its head office).
4. (a) Where by reason of the provisions of paragraph 1(a) a person other than an individual or a company is a resident of both Contracting States, the competent authorities in both Contracting

States shall settle the question by mutual agreement to determine the application of the Convention to such person.

- (b) In the application of the Convention by a Contracting State, any term not otherwise defined shall, unless the context otherwise requires, have the meaning that it has under the laws in force in that contracting State relating to the taxes which are the subject of this Convention.

ARTICLE 5

PERMANENT ESTABLISHMENT

1. For the purposes of this Convention, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.
2. The term "permanent establishment" includes especially:
 - (a) a place of management;
 - (b) a branch;
 - (c) places used as sales outlets;
 - (d) an office;
 - (e) a factory;
 - (f) a workshop;
 - (g) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources;
 - (h) a farm or a plantation or a warehouse; and
 - (i) a building site or a construction or an assembly project if it exists for more than six months.
3. 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 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.
4. 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 3 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.
 5. Notwithstanding the preceding provisions in this Article, an insurance enterprise of a contracting State shall, except in regard to reinsurance, be deemed to have a permanent establishment in the other Contracting State if it collects insurance premiums in the territory of that other State or insures risks situated therein through a person other than an agent of an independent status to whom provisions of the preceding paragraph applies.
 6. An enterprise located in a contracting State shall not be deemed to have a permanent establishment in the other 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. However, when the activities of such an agent are devoted wholly or almost wholly on behalf of that enterprise, he will not be considered an agent of an independent status within the meaning of this paragraph.
 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.

ARTICLE 6

INCOME FROM IMMOVABLE PROPERTY

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture) 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 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 income derived from the immovable property of any enterprise and to income from immovable property used for the performance of independent personal services.

ARTICLE 7

BUSINESS PROFITS

1. 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 contracting state but only so much of them as are attributable to that permanent establishment.
2. Subject to the provisions of paragraph 3, where an enterprise of either 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 State in which the permanent establishment is situated or elsewhere.

4. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.
5. Insofar as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary. The method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles embodied in this Article.
6. 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.
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.

ARTICLE 8

SHIPPING AND AIR TRANSPORT

International traffic means any transport done by ship or aircraft or land vehicle or railroad train operated by an enterprise the place effective management is situated in one of the two Contracting States, unless this ship, aircraft, vehicle or railroad train is operated solely between places situated in the Contracting States.

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

ARTICLE 9

ASSOCIATED ENTERPRISES

1. Where:
 - (a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or

- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State, and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.
2. Where a Contracting State includes in the profits of an enterprise of that State - and taxes accordingly - profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Convention.
 3. A Contracting State shall not adjust the profits of an enterprise in the circumstances referred to in paragraph 1 after the expiration of the time limits referred to under its domestic laws and, in any case, after five years, in the case of Egypt, and after fifteen years in the case of Syria from the end of the year in which the profits which would be subject to an adjustment would have been realized.
 4. The provisions of paragraphs 2 and 3 shall not apply in the case of tax evasion, wilful default or neglect.

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 be taxed in the Contracting State where the company paying the dividends is resident, 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 15% of the gross amount of these dividends. The provisions of this paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.
3. Notwithstanding the provisions of paragraph 2, dividends distributed by a company resident in Egypt to a resident of Syria may be subject in Egypt to the general income tax imposed on that Syrian resident's net total income. Nevertheless, general income tax imposed in this case may not exceed 15% of the net dividends received by such person.

4. 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 which the company making the distribution is a resident.
5. The provisions of paragraphs 2 and 3 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 where independent personal services are performed in the other State through a fixed base located therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 or Article 14 shall apply.

ARTICLE 11

INTEREST

1. Interest 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, interest arising in a Contracting State may also be taxed in that State according to the laws of that State, but if the recipient is the beneficial owner of the interest the tax so charged shall not exceed 15% of the gross amount of the interest.
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 bonds or debentures.
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, or performs independent personal services in that other Contracting State through a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14 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 he 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 interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the 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 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 Convention.

ARTICLE 12

ROYALTIES

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.
2. However, such royalties arising in a Contracting State may also be taxed in that State according to the laws of that State, but if the recipient is the beneficial owner of the royalties the tax so charged shall not exceed 20% 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 or tapes used for radio or television broadcasting, any patent, trademark, 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 paragraph 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, or performs independent personal services in that Contracting State through 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 where the payer is a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the obligation to pay the royalties was incurred and the royalties are borne by that permanent establishment or fixed base, then such royalties shall be deemed to arise in the 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 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 which a resident of a Contracting State has available in the other Contracting State for the performance of independent personal services, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or that fixed base, may be taxed in that other State.
3. Gains derived by a resident of a contracting State from the alienation of ships or aircraft operated in international traffic and from the alienation of movable property pertaining to the operation of such ships or aircraft, shall be taxable only in that Contracting State.
4. Gains resulting from the alienation of the shares of a company, deriving their value principally directly or indirectly from immovable property located in one of the Contracting States, may be taxed in the State in which the property is situated.
5. Gains from the alienation of shares other than those mentioned in Paragraph 4 representing a participation in a company resident in one of the Contracting States may be taxed in the Contracting State where the company is resident.
6. Gains from the alienation of any property, other than that referred to in preceding paragraphs, may be taxed in the Contracting State in which such income arises.

ARTICLE 14

INDEPENDENT PERSONAL SERVICES

1. Income derived by a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable in that State except in the following circumstances, when such income may also be taxed in the other Contracting State if:

- (a) he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities; in that case, only so much of the income as is derived from activities conducted that other State; or
 - (b) his stay in the other Contracting State is for a period or periods exceeding in the aggregate 183 days in the fiscal year concerned; in that case, only so much of the income as is derived from his activities performed in that other State may be taxed in that other State.
2. The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

ARTICLE 15

DEPENDENT PERSONAL SERVICES

1. may be taxed in 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, salaries, wages and other similar remuneration as is derived therefrom that other State.
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 only if the following three conditions are met:
- (a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in the fiscal year concerned, and
 - (b) the remuneration is paid by, or on behalf of, an employer who is not resident in the other Contracting State; and
 - (c) the remuneration is not be borne by a permanent establishment or 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.

ARTICLE 16

DIRECTORS' FEES AND REMUNERATION OF TOP-LEVEL MANAGERIAL OFFICIALS

1. Directors' fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors or a similar body of a company which is a resident of the other Contracting State may be taxed in that other State.
2. Salaries, wages and other similar remuneration derived by a resident of a Contracting State in his capacity as an official in a top-level managerial position (senior position) of a company which is a resident of the other Contracting State may be taxed in that other State.

ARTICLE 17

ARTISTES AND SPORTSPERSONS

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsperson, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State.
2. Where income in respect of personal activities exercised by an entertainer or a sportsperson in his capacity as such accrues not to the entertainer or sportsperson himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or sportsperson are exercised.

ARTICLE 18

PENSIONS AND ANNUITIES

1. Pensions and annuities arising in a Contracting State and paid to a resident of the other Contracting State are subject to tax in the paying State irrespective of the recipient State of residence.
2. The term "annuities" means a fixed sum payable periodically at stated times, during a specified or an 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) Subject to the provisions of paragraph (b) as mentioned below, 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.
 - (b) such salaries, wages and other similar remuneration shall be taxable only in the other Contracting State if the services are rendered in that other State and the individual is a resident of that State who is a national of that State and did not become a resident of that State solely for the purpose of rendering the services.
2. The provisions of Articles 15, 16, and 18 shall apply to remuneration and pensions in respect of services rendered in connection with a commercial or industrial activity carried on by a Contracting State or a political subdivision or a local authority thereof.

ARTICLE 20

STUDENTS AND APPRENTICES

1. A person who is resident in either Contracting State and is temporarily present in the other Contracting State only as:
 - (a) a student at a university, college or school in the latter Contracting State; or
 - (b) a commercial, industrial or technical apprentice; or
 - (c) a recipient of a grant, allowance or award for the purpose of study or research from a religious, charitable, scientific or educational organization; may not be taxed in the other contracting State in respect of a scholarship grant.

2. The same shall apply to any amount representing a remuneration for services rendered in the other Contracting State, provided that such services are in connection with his studies or training and are necessary for the purpose of his maintenance.

ARTICLE 21

PROFESSORS, TEACHERS AND RESEARCHERS

1. Residents of one of the Contracting States who, at the invitation of a university, college or other establishment for higher education or scientific research in the other Contracting State, visits that other State, solely for the purpose of teaching or scientific research at such institution for a period not exceeding one year, shall not be taxed in that other State on his remuneration for such teaching or research.
2. The provisions of paragraph 1 shall not apply to remuneration derived in respect of research undertaken not in the public interest but principally for the private benefit of a specific person or persons.

ARTICLE 22

OTHER INCOME

1. Without prejudice to the provisions of paragraph (2), 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. However, if income derived by a resident of a Contracting State arises from the other Contracting State, such income may be taxed in the State where it originates and in accordance with the laws of that State.

ARTICLE 23

METHODS FOR THE ELIMINATION OF DOUBLE TAXATION

1. Where a resident of a Contracting State derives income which, in accordance with the provisions of this Convention, may be taxed in the other Contracting State, the first-mentioned State shall allow as a deduction from the tax on the income of that resident an amount equal to the tax paid in that other State. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable, as the case may be, to the income which may be taxed in that other State.
2. Where, in accordance with any provision of this Convention income, derived 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 of such resident, take into account the exempted income.
3. For the purposes of deduction from the tax on income in a Contracting State, the tax paid in the other Contracting State shall be deemed to include the tax which is otherwise payable in that other Contracting State but has been reduced or waived by that Contracting State under its legal provisions related to tax incentives.

ARTICLE 24

NON-DISCRIMINATION

1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances may be subjected.

The term "national" means:

- (a) all individuals holding the nationality of one of the Contracting States;
 - (b) all legal persons in either Contracting State.
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 the same activities.
 3. This provision shall not be interpreted as:
 - (a) obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for tax purposes on account of civil status or family responsibilities which it grants to its own residents.

- (b) suspending enforcement in Egypt of Article 4 paragraph 9 and Article 120 paragraph 4 of Law No. 157 of 1981 (as amended from time to time without breaching its general principle), provided that if based on these Articles a national of any State other than the two Contracting States is granted an exemption, the same exemption should be granted to a Syrian national.
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, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more resident of a similar State.
5. The term "taxation" in the present Article means taxes that are covered by this Agreement.

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 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.
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.
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. A Contracting State shall not after the expiry of the time limits provided in its national laws and in any case after five years from the end of the taxable period in which the income connected has accrued, increase the tax base of a resident of either of the contracting States by including therein items of income which have also been charged to tax in the other Contracting State. This paragraph shall not apply in the case of fraud, wilful default or neglect.

ARTICLE 26

EXCHANGE OF INFORMATION

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 the domestic laws of the two contracting states concerning taxes provided for in this Convention, in so far as the taxation thereunder is not contrary to this Convention, in particular for the prevention of fraud or evasion of such taxes. The exchange of information will be completed without limitations of 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 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 this convention 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.

2. In no case shall the provisions of paragraph 1 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 (ordre public).

ARTICLE 27

MEMBERS OF DIPLOMATIC MISSIONS AND CONSULAR POSTS

1. 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 any special agreements.
2. Notwithstanding the provisions of Article 4, a member of diplomatic or consular missions, or permanent missions to one of the two Contracting States located in the other Contracting State, or in a third State, will for the purposes of this Convention be considered as resident in the State which assigned him, if he is subject to the same tax obligations on his total income as all residents of that State.
3. The provisions of this Convention shall not apply to international organizations or their members or their employees, nor to diplomatic or consular missions, or permanent missions of third States which are located in one of the two Contracting States and not subject to the same tax obligations on their total income applicable on residents therein.

ARTICLE 28

MISCELLANEOUS

1. The provisions of this Convention shall not be construed to restrict in any manner any exclusion, exemption, deduction, credit or other allowance now or hereafter accorded:
 - (a) by the laws of a Contracting State in the determination of the tax imposed by that State, or
 - (b) by any other agreement entered into by a Contracting State.
2. Nothing in this Convention prevents the application of domestic laws in either of the two Contracting States with respect to taxes on income of persons from their participation in non-resident companies or with respect to tax evasion.
3. The competent authorities in both Contracting States may communicate with each other in a direct manner in order to apply this Convention.
4. In case of divergences between the provisions of this Convention and those of the Convention between governments of member States of the United Arab Economic Council, the provisions of this Convention shall prevail between both Contracting States.

ARTICLE 29

ENTRY INTO FORCE

1. This Convention shall be ratified according to the constitutional rules in force in the both States. The instruments of ratification shall be exchanged through diplomatic channels.
2. The Convention shall enter into force upon the exchange of instruments of ratification and its provisions shall have effect for the first time:
 - (a) On the amount paid on or after the 1st of January of the calendar year following of the year in which the documents of ratification were completed, with respect to withholding taxes;
 - (b) On the tax years which begin on or after the 1st of January of the calendar year following that in which documents of ratification were exchanged, with respect to all other taxes.

ARTICLE 30

TERMINATION

This Agreement shall remain in effect indefinitely, but either Contracting States, may, on or before June 30 in any calendar year after the expiration of a period of year from the date of exchange of ratification's documents, give to the other Contracting State a notice of termination in writing through diplomatic channels. In such event, the Agreement shall cease to have effect:

- (a) on or after the 1st of January of the calendar year next following that in which the termination notice is given with respect to amount paid for taxes withheld at source paid; and
- (b) on or after the 1st of January of the calendar year next following that in which the termination notice is given in respect of other taxes.

IN WITNESS WHEREOF the undersigned, duly authorized to that effect, have signed this Agreement.

Done at Damascus in duplicates, on 19 July, in the Arabic language; both copies have equal authenticity. Damascus, on 8 Muharram 1412 Hejri, corresponding to 19 July 1991.

**FOR
THE ARAB REPUBLIC OF EGYPT**

**FOR
THE SYRIAN ARAB REPUBLIC**