ARMENIA(Treaty of 07.06.2001)

Signature: 07.06.2001 Entry into force: 01.10.2004 Publication in the official gazette: 18.11.2004 Source tax: on income credited or payable on or after 01.01.2005 Other tax: on income of taxable periods ending on or after 31.12.2004 Taxes on capital: existing on or after January 1 of any year following 01.10.2004

CONVENTION

BETWEEN

THE KINGDOM OF BELGIUM

AND

THE REPUBLIC OF ARMENIA

FOR THE AVOIDANCE OF DOUBLE TAXATION

AND THE PREVENTION OF FISCAL EVASION

WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

CONVENTION BETWEEN THE KINGDOM OF BELGIUM AND THE REPUBLIC OF ARMENIA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

THE KINGDOM OF BELGIUM

AND

THE REPUBLIC OF ARMENIA

PROCEEDING from the intention to promote and strengthen the economical, scientific, technical and cultural relations between both of the Contracting States and in order to avoid double taxation on income and on capital, prevent fiscal evasion and exclude tax discrimination, decided to conclude this Convention and have agreed as follows :

CHAPTER I - SCOPE OF THE CONVENTION

ARTICLE 1 Personal scope

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-territorial subdivisions or local authorities, 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 Armenia :

(i) the profit tax;

(ii) the income tax;

(iii) the property tax;

(iv) the land tax;

(hereinafter referred to as "Armenian tax");

b) in the case of Belgium :

(i) the individual income tax;

(ii) the corporate income tax;

(iii) the income tax on legal entities;

(iv) the income tax on non-residents;

(v) the supplementary crisis contribution,

including the prepayments, the surcharges on these taxes and prepayments, and the supplements to the individual income tax,

(hereinafter referred to as "Belgian tax").

4. The Convention shall apply also to any substantially similar taxes classified in accordance with definition of paragraph 1 of this Article which 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 within a reasonable period of any significant changes which have been made in their respective taxation laws.

CHAPTER II - DEFINITIONS

ARTICLE 3 General definitions

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

a) the terms "a Contracting State" and "the other Contracting State" mean Armenia or Belgium as the context requires;

b) the term "Armenia" means the Republic of Armenia, and when used in the geographical sense means the territory, including internal waters, over which the Republic of Armenia exercises its sovereign rights and jurisdiction under its internal legislation and in accordance with international law;

c) the term "Belgium" means the Kingdom of Belgium; used in a geographical sense, it means the territory, including the territorial sea and any other area in the sea and in the air within which the Kingdom of Belgium, in accordance with international law, exercises its sovereign rights and jurisdiction;

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 "person" includes an individual, a company and any other body of persons;

f) the term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;

g) the term "international traffic" means any transport by a ship, boat, aircraft, road or railway vehicle, except when such a ship, boat, aircraft, road or railway vehicle is operated solely between places in the other Contracting State;

h) the term "competent authority" means :

(i) in the case of Armenia, the Minister of Finance and Economy or his authorized representative;

(ii) in the case of Belgium, the Minister of Finance or his authorized representative;

i) 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.

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.

ARTICLE 4 Resident

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 or administrative-territorial subdivisions or local authority thereof. But 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.

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 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 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 only 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 person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident of the State in which its place of effective management is situated.

ARTICLE 5 Permanent establishment

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

2. The term "permanent establishment" includes especially :

a) a place of management;

b) a branch;

c) an office;

d) a factory;

e) a workshop;

f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

3. A building site or construction or installation project constitutes a permanent establishment only if it lasts more than 9 months.

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 maintenance of a fixed place of business solely for any combination of activities mentioned in sub-paragraphs a) to e), provided that the overall activity of the fixed place of business resulting

from this combination is of a preparatory or auxiliary character.

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 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 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 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 State a stock of goods or merchandise from which he regularly delivers goods or merchandise on behalf of the enterprise.

6. An enterprise of 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 other State through a broker, general commission agent, or any 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 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, aircraft, road or railway vehicles 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 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 State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.

2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently.

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.

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 interest on 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 interest on moneys lent to the head office of the enterprise or any of its other offices.

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 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.

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.

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.

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 International traffic

1. Profits of an enterprise of a Contracting State from the operation of ships, boats, aircraft, road or railway vehicles in international traffic shall be taxable only in that State.

2. For the purpose of this Article, profits from the operation in international traffic of ships, boats, aircraft, road or railway vehicles shall include in particular :

a) profits derived from the rental on a full basis of ships, boats, aircraft, road or railway vehicles and profits derived from the incidental rental on a bareboat basis of ships, boats, aircraft, road or railway vehicles used in international traffic;

b) profits derived from the use or rental of containers, if such profits are supplementary or incidental to profits to which the provisions of paragraph 1 apply.

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.

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 such an adjustment as it considers appropriate 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 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 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 which holds directly at least 10 per cent of the equity capital of the company paying the dividends;

b) 15 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 any 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.

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, or performs in that other 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 (Business Profits) or Article 14 (Independent Personal Services), 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 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, or a fixed base situated in that other State, nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

ARTICLE 11 Interest

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State 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.

3. Notwithstanding the provisions of paragraph 2, interest shall be exempted from tax in the Contracting State in which it arises if it is :

a) interest in connection with the sale on credit of any industrial, commercial or scientific equipment or of any capital goods by an enterprise to another enterprise;

b) interest on a loan of any nature - not represented by bearer instruments - granted by a banking enterprise;

c) interest paid to the other Contracting State or to its political or administrative-territorial subdivisions or local authorities.

4. 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 or prizes attaching to such securities, bonds, or debentures. Penalty charges for late payment shall not be regarded as interest for the purpose of this Convention.

5. The provisions of paragraphs l, 2 and 3 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 in that other State independent personal services from 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 (Business Profits) or Article 14 (Independent Personal Services), as the case may be, shall apply.

6. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political or administrative-territorial subdivision, a local authority, or 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.

7. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the 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 in the Contracting State in which the interest arises according to the laws of that State.

ARTICLE 12 Royalties

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

2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed 8 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 cinematography films (or films or tapes used 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, 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 (Business Profits) or Article 14 (Independent Personal Services), as the case may be, shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political or administrative-territorial subdivision, a local authority, or 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 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 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 in the Contracting State in which the royalties arise, according to the laws of that State.

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 (Income From Immovable Property) 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 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 State.

3. Gains derived by an enterprise of a Contracting State from the alienation of ships, boats, aircraft or road or railway vehicles operated in international traffic, as well as of movable property pertaining to the operation of such ships, boats, aircraft, road or railway vehicles, shall be taxable only in that State.

4. Gains derived by a resident of a Contracting State from the alienation of shares or other corporate rights in a company the assets of which consist mainly of immovable property situated in the other Contracting State may be taxed in that other State.

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.

ARTICLE 14 Independent personal services

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

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 (Directors' Fees and Remuneration of Managerial Officials), 18 (Pensions), 19 (Government Services) and 20 (Professors and Students) 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.

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 :

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 taxable period concerned, and

b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and

c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship, boat, aircraft, road or railway vehicle operated in international traffic by an enterprise of a Contracting State, may be taxed in that State.

ARTICLE 16 Directors' fees and remuneration of 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 organ of a company which is a resident of the other Contracting State may be taxed in that other State.

The preceding provisions shall also apply to payments derived in respect of the discharge of functions which, under the laws of the Contracting State of which the company is a resident, are regarded as functions of a similar nature as those exercised by a person referred to in the said provisions.

2. Remuneration derived by a person referred to in paragraph 1 from the company in respect of the discharge of day-to-day functions of a managerial or technical nature and remuneration received by a resident of a Contracting State in respect of his personal activity as a partner of a company, other than a company with share capital, which is a resident of the other Contracting State, may be taxed in accordance with the provisions of Article 15, as if such remuneration were remuneration derived by an employee in respect of an employment and as if references to the "employer" were references to the company.

ARTICLE 17 Artistes and sportsmen

1. Notwithstanding the provisions of Articles 14 (Independent Personal Services) and 15 (Dependent Personal Services), 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 other Contracting State, may be taxed in that other State.

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 (Business Profits), 14 (Independent Personal Services) and 15 (Dependent Personal Services), be taxed in the Contracting State in which the activities of the entertainer or

sportsman are exercised.

3. Notwithstanding the provisions of paragraphs 1 and 2, the income derived by an entertainer or a sportsman from the activities referred to in paragraph 1 performed within the framework of cultural or sport exchanges agreed to by the Governments of the Contracting States and carried out other than for the purpose of profit, shall be exempt from tax in the Contracting State in which these activities are exercised.

ARTICLE 18 Pensions

1. Subject to the provisions of paragraph 2 of Article 19 (Government Services), 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.

2. However, pensions and other allowances, periodic or non periodic, paid under the social security legislation of a Contracting State may be taxed in that State. This provision also applies to pensions and allowances paid under a public scheme organized by a Contracting State in order to supplement the benefits of that legislation.

ARTICLE 19 Government services

1 a) Salaries, wages and other similar remuneration other than a pension, paid by a Contracting State or a political or administrative-territorial 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) 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 State and the individual is a resident of that State

who :

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.

2 a) Any pension paid by, or out of funds created by, a Contracting State or a political or administrative-territorial 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) However, such pension shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that State.

3. The provisions of Articles 15 (Dependent Personal Services), 16 (Directors' Fees and Remuneration of Managerial Officials), 17 (Artistes and Sportsmen) and 18 (Pensions) shall apply to salaries, wages and other similar remuneration, and to pensions, in respect of services rendered in connection with a business carried on by a Contracting State or a political or administrative-territorial subdivision or a local authority thereof.

ARTICLE 20 Professors and students

1. Any remuneration paid to professors and other teachers who are residents of a Contracting State and who are present in the other Contracting State for the purpose of teaching or carrying on scientific research for a period not exceeding two years from the date of arrival of these persons at a university in that other State are exempted from tax in that other State.

2. Payments which a student or apprentice who is or was immediately before visiting a Contracting State a resident of the other Contracting State 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.

3. Remuneration paid to a student, apprentice, or trainee, as the case may be, for services rendered in the other Contracting State shall not be taxed in that State for a period of 5 years provided that such services are connected with his education, maintenance or training.

ARTICLE 21 Other income

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

2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6 (Income from Immovable Property), 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 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 (Business Profits) or Article 14 (Independent Personal Services), as the case may be, shall apply.

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 this Convention and arising in the other Contracting State may also be taxed in that other State.

ARTICLE 22 Capital

1. Capital represented by immovable property referred to in Article 6 (Income from Immovable Property),

owned by a resident of a Contracting State and situated in the other Contracting State, may be taxed in that other 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 State.

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

4. Capital represented by shares or other corporate rights in a company the assets of which consist mainly of immovable property situated in a Contracting State may be taxed in that State.

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

CHAPTER IV - METHODS FOR ELIMINATION OF DOUBLE TAXATION

ARTICLE 23 Elimination of double taxation

1. In Armenia double taxation shall be eliminated as follows :

a) where a resident of Armenia derives income or owns capital which, in accordance with the

provisions of this Convention, may be taxed in Belgium, Armenia shall allow :

i) as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in Belgium;

ii) as a deduction from the tax on the capital of that resident, an amount equal to the capital tax paid in Belgium.

Such deduction in either case shall not, 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 Belgium;

b) where in accordance with any provision of this Convention, income derived or capital owned by a resident of Armenia is exempt from tax in Armenia, Armenia 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.

2. In the case of Belgium, double taxation shall be avoided as follows :

a) where a resident of Belgium derives income or owns elements of capital which are taxed in Armenia in accordance with the provisions of this Convention, other than those of paragraph 2 of Article 10 (Dividends), of paragraphs 2 and 7 of Article 11 (Interest) and of paragraphs 2 and 6 of Article 12 (Royalties), Belgium shall exempt such income or such elements of capital from tax but may, in calculating the amount of tax on the remaining income or capital of that resident, apply the rate of tax which would have been applicable if such income or elements of capital had not been exempted;

b) subject to the provisions of Belgian law regarding the deduction from Belgian tax of taxes paid abroad, where a resident of Belgium derives items of his aggregate income for Belgian tax purposes which are dividends not exempt from Belgian tax according to subparagraph c) hereinafter, interest or royalties, the Armenian tax levied on that income shall be allowed as a credit against Belgian tax

relating to such income;

c) dividends derived by a company which is a resident of Belgium from a company which is a resident of Armenia, shall be exempt from the corporate income tax in Belgium under the conditions and within the limits provided for in Belgian law;

d) where, in accordance with Belgian law, losses incurred by an enterprise carried on by a resident of Belgium in a permanent establishment situated in Armenia, have been effectively deducted from the profits of the enterprise for its taxation in Belgium, the exemption provided for in sub-paragraph a) shall not apply in Belgium to the profits of other taxable periods attributable to that establishment to the extent that those profits have also been exempted from tax in Armenia by reason of compensation for the said losses.

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, in particular with respect to residence, are or may be subjected. This provision shall, notwithstanding the provisions of Article 1 (Personal Scope), also apply to persons who are not residents of one or both of the Contracting States.

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 are or may be subjected.

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.

4. Except where the provisions of paragraph 1 of Article 9 (Associated Enterprises), paragraph 7 of Article 11 (Interest), or paragraph 6 of Article 12 (Royalties) 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.

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.

6. The provisions of this Article shall, notwithstanding the provisions of Article 2 (Taxes Covered), apply to taxes of every kind and description.

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 (Non-discrimination), 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. 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.

4. The competent authorities of the Contracting States shall agree on administrative measures necessary to carry out the provisions of the Convention and particularly on the proofs to be furnished by residents of either Contracting State in order to benefit in the other State from the exemptions or reductions in tax provided for in the Convention.

5. The competent authorities of the Contracting States shall communicate directly with each other for the application of the Convention.

ARTICLE 26 Exchange of information

1. The competent authorities of the Contracting States shall exchange such information as is relevant for carrying out the provisions of this Convention or of the domestic laws of the Contracting States concerning taxes covered by the Convention, insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Article 1 (Personal Scope). 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) involved in the assessment, collection, or administration 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.

The competent authorities shall, through consultation, develop appropriate conditions, methods and techniques concerning the matters in respect of which such exchanges of information shall be made,

including, where appropriate, exchanges of information regarding tax avoidance.

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 Aid in recovery

1. The Contracting States shall provide aid and assistance to each other in order to notify and recover the taxes referred to in this Convention as well as surcharges, additions, interest, costs and fines of non penal nature relating to these taxes, when such tax claims are due and are no longer open to appeal in accordance with the legal provisions or regulations of the State applying for assistance.

2. At the request of the applicant State the requested State shall proceed to the notification and recovery of the tax claims of the applicant State in accordance with the laws and administrative practice applying to the notification and recovery of its own tax claims, unless otherwise provided by the Convention.

3. Requests for assistance by the competent authority of a Contracting State in the recovery of these taxes

shall include a certification by such authority that, under the laws of that State, the said taxes have been finally determined. For the purposes of this Article, a tax is finally determined when a Contracting State has the right under its internal law to recover the tax and the taxpayer has no further rights to restrain recovery.

4. The request of a Contracting State that has been accepted for recovery by the competent authority of the other Contracting State shall be fulfilled by this other State as though such request were related to its own tax. The requested State shall not be obliged to accede to the request of the applicant State if that State has not exhausted all remedies in its own territory for the recovery of its tax claim.

5. The request for assistance in the recovery of a tax claim shall be accompanied :

a) by an official copy of the instrument permitting enforcement in the applicant State;

b) by an official copy of any other document required for recovery in the applicant State; and

c) where appropriate, by a certified copy of any final decision of an administrative body or of a court of law.

6. The instrument permitting the enforcement in the applicant State shall have the same effect in the requested State.

7. Questions concerning any period of limitation of a tax claim shall be governed solely by the laws of the applicant State.

8. Acts of recovery performed by the requested State in pursuance of the request for assistance which, according to the laws of that State, would have the effect of suspending or interrupting the period of limitation, shall have this effect too under the laws of the applicant State. The requested State shall inform the applicant State about measures taken to this end.

9. Tax claims for the recovery of which assistance is requested shall not have any priority in the requested State.

10. Nothing in this Article shall be construed as imposing on either Contracting State the obligation to carry out administrative measures of a different nature from those used in the recovery of its own taxes or that would be contrary to its public policy (ordre public).

11. Amounts recovered by the competent authority of a Contracting State pursuant to this Article shall be forwarded to the competent authority of the other Contracting State. However, except where the competent authorities of the Contracting States otherwise agree, the ordinary expenses incurred in providing tax recovery shall be borne by the requested State.

12. The provisions of paragraph 1 of Article 26 (Exchange of Information) shall also apply to any information which, in accordance with this Article, is supplied to the competent authority of a Contracting State.

13. With regard to tax claims of a Contracting State which are the subject of or which are still open to appeal, the competent authority of that State may, in order to safeguard its rights, request the competent authority of the other Contracting State to take the protective measures provided for in the laws of that State. The provisions of the preceding paragraphs shall apply with necessary changes to such measures.

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 Contracting State shall notify the other Contracting State of the completion of the procedures required by its law for the bringing into force of this Convention. The Convention shall enter into force on the 30-th day after the date of the latter of these notifications.

2. The provisions of the Convention shall have effect :

a) with respect to taxes due at service on income credited or payable on or after January 1 of the year next following the year in which the Convention entered into force;

b) with respect to other taxes charged on income of taxable periods ending on or after December 31 of the year next following the year in which the Convention entered into force;

c) with respect to taxes on capital charged on elements of capital existing on January 1 of any year following the year in which the Convention entered into force.

ARTICLE 30 Amendments

Changes and additions to this Convention shall be done by mutual agreement of the Contracting States in a Protocol which shall constitute an integral part of this Convention. Such Protocol shall be ratified in the same manner as this Convention.

ARTICLE 31 Termination

This Convention shall remain in force until terminated by a Contracting State but either Contracting State may terminate the Convention, through diplomatic channels, by giving to the other Contracting State, written notice of termination, not later than the 30-th June of any calendar year from the fifth year following that in which the Convention entered into force. In the event of termination before July 1 of such year, the Convention shall apply for the last time :

a) with respect to taxes due at source on income credited or payable at latest on December 31 of the year in which the notice of the termination is given;

b) with respect to other taxes charged on income of taxable periods ending before December 31 of the year next following the year in which the notice of the termination is given;

c) with respect to taxes on capital charged on elements of capital existing on January 1 of the year in which the notice of the termination is given.

IN WITNESS WHEREOF the undersigned, being duly authorized, have signed this Convention.

DONE in duplicate at this day of , in the English, Armenian, French and Dutch languages, the four texts being authentic. In case of divergence of interpretation, the English text shall prevail.

FOR THE KINGDOM OF BELGIUM : FOR THE REPUBLIC OF ARMENIA :

PROTOCOL

At the moment of signing the Convention between the Republic of Armenia and the Kingdom of Belgium for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital, the undersigned have agreed upon the following provisions which shall form an integral part of the

Convention :

1. Ad paragraph 2 of Article 4 (Resident) :

For the purpose of determining whether a resident has his center of vital interests in a Contracting State, the following criteria shall in particular be taken into account :

- the place where his family really has its habitual abode;

- the fact that he usually comes back to that Contracting State after being absent for professional reasons;

- the duration of his stay in the other Contracting State;

- the place where he develops his social relations and his political and cultural activities;

- the place where he performs his work;

- the place from which he administers his wealth.

2. Ad paragraph 3 of Article 4 (Resident) :

The place of effective management of a person other than an individual means the place where the managing activity, the conduct of the affairs and the management of the interests of such person take place. For the

purpose of determining where such place is situated, the following criteria shall be taken into account :

- the place where the general meetings of the shareholders take place;

- the place where the board of directors meets;

- the place where the center of the general day-to-day management of such person is situated; items such as the place where the directorate, the commercial department, the central accountancy, the records are situated shall be taken into account.

In case of divergence, the last-mentioned criterium shall prevail.

It is understood that the fact that a person other than an individual is controlled by a person, other than an individual, which is a resident of the other Contracting State shall not constitute the first-mentioned person a resident of that other State.

3. Ad paragraph 3 of Article 10 (Dividends) :

The term "dividends" as used in paragraph 3 of Article 10 (Dividends) also means interest paid by a company which is a resident of a Contracting State to an individual who holds shares in that company or other rights participating in profits, or who is a member of the board of directors of that company or exercises functions of a similar nature in that company, or to the spouse and children of such individual, where such interest is treated as dividends by the tax legislation of that Contracting State.

4. Ad paragraph 4 of Article 11 (Interest) :

For the purposes of Article 11 (Interest), the term "interest" shall not include interest regarded as dividends

under number 3 of this Protocol.

5. Ad paragraph 3 of Article 12 (Royalties) :

In applying Article 12 (Royalties), paragraph 3 of the Convention, payments constituting consideration for technical assistance or technical services shall not be considered to be payments for information concerning industrial, commercial or scientific experience, but shall be taxable in accordance with the provisions of Article 7 (Business Profits) or Article l4 (Independent Personal Services), as the case may be.

6. Ad paragraph 4 of Article 13 (Capital Gains) :

It is understood that gains from the alienation of shares shall be taxable in the Contracting State concerned only to the extent that the value of such shares is derived directly from immovable property situated in that State.

7. Ad paragraph 4 of Article 22 (Capital) :

It is understood that the capital represented by shares or other corporate rights shall be taxable in the Contracting State concerned only to the extent that the value of such shares or corporate rights is derived directly from immovable property situated in that State.

8. Ad Article 29 (Entry into Force) :

The provisions of the Convention between the Government of the Kingdom of Belgium and the Government of the Union of the Soviet Socialist Republics for the avoidance of double taxation on income and on capital signed at Brussels on 17 December 1987 shall cease to be effective in respect to any Belgian or Armenian tax relating to income for which this Convention has effect as respects that tax, in accordance with the provisions of paragraph 2 of Article 29 (Entry into Force).

IN WITNESS WHEREOF the undersigned, being duly authorized, have signed this Protocol.

DONE in duplicate at Brussels, on the 7 th day of June 2001, in the English, Armenian, French and Dutch languages, the four texts being authentic. In case of divergence of interpretation, the English text shall prevail.

FOR THE KINGDOM OF BELGIUM : FOR THE REPUBLIC OF ARMENIA :