AGREEMENT OF 1ST APRIL, 1958

(AS AMENDED, BY AGREEMENT OF 8TH SEPTEMBER, 1970 AND AS AMENDED BY SECOND PROTOCOL OF 24TH NOVEMBER, 2006 AND PROTOCOL OF 3RD JUNE, 2009)

CONVENTION BETWEEN FRANCE AND THE GRAND DUCHY OF LUXEMBOURG FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE ESTABLISHMENT OF RULES OF RECIPROCAL ADMINISTRATIVE ASSISTANCE WITH RESPECT TO TAXES ON INCOME AND FORTUNE.

Article 1

1. The taxes to which this Convention applies are:

(a) In the case of the Grand Duchy of Luxembourg:

1. The personal income tax;

2. The tax on the income of collective entities;

3. The special tax on directors' percentages;

4. The tax on fortune;

5. The municipal taxes on income and capital.

(b) In the case of France:

1. The tax on the income of individuals;

2. The complementary tax;

3. The tax on companies, as well as all withholdings, prelevies (precomptes) and prepayments in respect of such taxes.

2. This Convention shall also apply to any other taxes or duties of a similar character which may be instituted by either Contracting State subsequently to the signature of this Convention.

3. It is agreed that if the tax legislation of either State is amended in a manner substantially affecting the nature or the character of the taxes referred to in paragraph 1 of this article, the competent authorities of the two countries shall enter into consultation.

Article 2

In this Convention:

1. The term “France”, used in a geographical sense, means only Metropolitan France and the overseas departments (Guadeloupe, Guiana, Martinique and Reunion).

The term “Luxembourg”, used in the same sense, means the Grand Duchy of Luxembourg.

2. The word “person” means:

(a) Any individual;

(b) Any body corporate;

(c) Any unincorporated body of individuals.

3.(1) The term “permanent establishment” means a fixed place of business in which the business of the enterprise is wholly or partly carried on.

(2) A permanent establishment shall include especially:

(a) A place of management;

(b) A branch;

(c) An office;

(d) A factory;

(e) A workshop;

(f) An installation used as a warehouse or storage place;

(g) A mine, quarry or other place of extraction of natural resources;

(h) A building site or assembly project which exists for more than six months.

(3) The term “permanent establishment” shall not be deemed to include:

(a) The use of facilities solely for the purpose of storage;

(b) The maintenance in the country, whether or not in a warehouse, of a stock of goods used solely for the purpose of facilitating delivery (except in cases covered by sub-paragraph (4) (b));

(c) The maintenance in the country of a place of business solely for the purpose of purchasing goods or merchandise or for collecting information;

(d) The maintenance in the country of a place of business solely for the purpose of display, for advertising, for the supply of information or for scientific research having a preparatory or auxiliary character for the enterprise.

(4) A representative or an employee acting in one of the territories on behalf of an enterprise of the other territory, other than a person covered by subparagraph (6) hereunder, shall be deemed to be a “permanent establishment” in the first territory only if he:

(a) Possesses general authority to negotiate and conclude contracts on behalf of the enterprise, unless his activities are limited to the purchase of material and merchandise, or

(b) Habitually holds in the first territory a stock of material or merchandise belonging to the enterprise for the purpose of making regular deliveries on behalf of the enterprise.

(5) Insurance enterprises shall be deemed to have a permanent establishment in one of the two States if, through a representative not being a person covered by sub-paragraph (6) hereunder, they collect premiums in the territory of the said State or insure risks arising in that territory.

(6) An enterprise of one of the territories shall not be deemed to have a permanent establishment in the other territory merely because it carries on business in that other territory through a broker, general commission agent or any other agent of a genuinely independent status, where such persons are acting in the ordinary course of their business as such.

(7) The fact that a company which has its fiscal domicile in one of the Contracting States controls or is controlled by a company which has its fiscal domicile in the other 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.

4. The fiscal domicile of an individual is his normal place of residence, this being understood to mean his permanent home, or, failing such, the place of his principal residence.

The fiscal domicile of a body corporate or of an unincorporated body of individuals is its centre of actual management, or, where this is situated in neither of the Contracting States, its head office.

Persons resident on boats engaged in inland waterways navigation shall be regarded as having their fiscal domicile in that one of the two Contracting States of which they are nationals.

5. The term “competent authority” or “competent authorities” means, in the case of France, the Director-General of Taxes or his duly authorized representative and, in the case of Luxembourg, the Director of the Board of Direct Taxation and Excise or his duly authorized representative.

Article 3

1. Income from immovable property and its accessories, including income from agriculture and forestry exploitation, shall only be taxable in the State where the property is situated. This provision shall also apply to profits derived from the alienation of the property concerned.

2. The provision of paragraph 1 shall also apply to profits resulting from the exploitation and alienation of immovable property of an enterprise.

3. The provisions of paragraphs 1 and 2 shall also apply to gains derived from the exploitation or alienation of immovable property by companies which, regardless of their legal form, do not have a personality distinct from their shareholders for the application of the taxes listed in article 1.

Article 4

1. Income from industrial, mining, commercial or financial enterprises shall be taxable only in the State in which a permanent establishment is situated.

2. Where an enterprise maintains permanent establishments in both Contracting States, each State may tax only the income derived from the operations of the permanent establishments situated in its territory.

3. Such taxable income may not exceed the amount of the industrial, mining, commercial or financial profits realized by the permanent establishment, including, where appropriate, any profits or advantages derived indirectly from that establishment or allotted or granted to third parties either by increasing or decreasing purchase or sale prices or by any other means. A proportion of the overhead expenses of the head office of the enterprise shall be charged against the earnings of the various permanent establishments.

4. The competent authorities of the two Contracting States shall, if necessary, agree on the formulation of rules of apportionment in default of regular accounts showing separately and exactly the profits accruing to the permanent establishments in their respective territories.

5. If the benefits include items of income which are dealt with separately in other articles of the Convention, the provisions of those articles shall not be affected by the provisions of this article.

Article 5

1. Where an enterprise of one of the two States, by virtue of its participation in the management or in the capital of an enterprise in the other State, makes with or imposes upon the latter, in their commercial or financial relations, conditions differing from those which it would make with any other enterprise, all profits which would normally have appeared in the accounts of one of the enterprises but which have in this manner been transferred to the accounts of the other enterprise may be incorporated in the taxable profits of the former enterprise.

2. An enterprise shall be regarded as participating in the management or in the capital of another enterprise when the same persons participate directly or indirectly in the management or in capital of each of the two enterprises.

Article 6

1. Notwithstanding the provisions of article 4 of this Convention, profits derived by an enterprise of one of the two Contracting States from the operation of aircraft shall be exempt from taxation in the other Contracting State.

In the case of enterprises engaged in river navigation, tax shall be levied in the State in which the headquarters of actual management is situated, or, where this headquarters is ambulatory, in the State in which the owner has his fiscal domicile, provided that the activities of the enterprise extend to the territory of that State.

Article 7

1. A company which has its fiscal domicile in Luxembourg and which has a permanent establishment in France within the meaning of article 2, paragraph 3, shall be liable in France to taxation by deduction at the source in the circumstances provided for under French internal legislation, it being understood, however, that the rate applicable shall be 5 per cent.

2. A company having its fiscal domicile in one of the two States shall not be liable in the other State to the tax on income from movable capital by reason of its participation in the management or in the capital of a company having its fiscal domicile in the other State or because of any other relation with that company, but profits distributed by the latter company and liable to the tax on income from movable capital shall where appropriate be increased, for the purpose of the assessment of the tax, by any profits or advantages which the former company has indirectly derived from the latter company in the circumstances referred to in articles 4 and 5.

Article 8

1. Dividends paid by a company having its fiscal domicile in a Contracting State to a person having his fiscal domicile in the other Contracting State may be taxed in that other State.

2. *(a)* However, such dividends may be taxed in the Contracting State in which the company paying the dividends has its fiscal domicile, and according to the law of that State, but the tax so charged shall not exceed:

(1) 5 per cent of the gross amount of the dividends if the recipient is a joint-stock company which holds directly at least 25 per cent of the registered capital of the joint-stock company distributing the dividends;

(2) In all other cases, 15 per cent of the gross amount of the dividends.

(b) The provisions of subparagraph (a) (1) of this paragraph shall also apply where the aggregate holdings of several joint-stock companies having their fiscal domicile in a Contracting State amount to at least 25 per cent of the registered capital of the joint-

stock company having its fiscal domicile in the other Contracting State and where one of the companies having their fiscal domicile in the first-mentioned Contracting State holds more than 50 per cent of the registered capital of each of the other said companies having their fiscal domicile in the first-mentioned Contracting State.

3. *(a)* Dividends paid by a company having its fiscal domicile in France which would entitle the recipient to a tax credit (avoir fiscal) if the recipient's real domicile or registered offices were in France shall, when paid to individuals or bodies corporate having their fiscal domicile in Luxembourg, entitle the recipient to a payment from the French Treasury in a gross amount equal to such tax credit, subject to deduction of the tax referred to in paragraph 2 (a) (2) of this article.

(b) The provisions of subparagraph (a) shall apply to the following persons having their fiscal domicile in Luxembourg:

(1) Individuals who are subject to Luxembourg tax in respect of the aggregate of the dividends distributed by a company having its fiscal domicile in France and the gross amount of the payment referred to in subparagraph (a) in connexion with such dividends;

(2) Companies, other than those referred to in paragraph 2 (a) (1) and paragraph 2 (b), which are subject to Luxembourg tax in respect of the aggregate of the dividends distributed by a company having its fiscal domicile in France and the gross amount of the payment referred to in subparagraph (a) in connexion with such dividends.

(c) The gross amount of the payment referred to in subparagraph (a) shall be regarded as a dividend for the purposes of the application of the provisions of the Convention as a whole.

4. *(a)* A person having his fiscal domicile in Luxembourg who receives dividends distributed by a company having its fiscal domicile in France may, unless he is eligible for the payment referred to in paragraph 3, apply for a refund of any prelevy (precompte) paid in respect of such dividends by the company making the distribution. France may impose on the amount of the refund the tax referred to in paragraph 2 of this article.

(b) The gross amount of any prelevy (precompte) which is refunded shall be regarded as a dividend for the purpose of the application of the provisions of the Convention as a whole.

5. For the purpose of this article, the term 'dividends' means income from shares, jouissance shares or jouissance rights, founders' shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights assimilated to income from shares by the taxation law of the State in which the company making the distribution has its fiscal domicile. Notwithstanding the provisions of article 9, income received by profit-sharing sleeping partners in a commercial enterprise are regarded in Luxembourg as dividends.

6. The provisions of paragraphs 1, 2, 3 and 4 shall not apply if the recipient of the dividends, having his fiscal domicile in a Contracting State, has in the other Contracting State, in which the company making the distribution has its fiscal domicile, a permanent establishment with which the holding by virtue of which the dividends are paid is effectively connected. In such a case, the provisions of article 4 shall apply.

Article 9

1. Interest arising in a Contracting State and paid to a person having his fiscal domicile in the other Contracting State may be taxed in that other State.

2. However, such interest may be taxed in the Contracting State in which it arises, and according to the law of that State, but the tax so charged shall not exceed 10 per cent of the amount of the interest. France reserves the right to maintain at 12 per cent the rate of its tax in respect of interest on negotiable bonds and debentures issued before 1 January 1965.

3. The term "interest" as used in this article means income from government securities, bonds or debentures, whether or not secured by mortgage, and debt-claims of every kind as well as all other income assimilated to income from money lent by the taxation law of the State in which the income arises.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the interest, having his fiscal domicile in a Contracting State, has in the other Contracting State in which the interest arises a permanent establishment with which the debt-claim from which the interest arises is effectively connected. In such a case, the provisions of article 4 shall apply.

5. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a local authority or a person having his fiscal domicile in that State. Where, however, the person paying the interest, whether he has his fiscal domicile in a Contracting State or not, has in a Contracting State a permanent establishment in connexion with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

6. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the interest paid, 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 recipient in the absence of such relationship, the provisions of this article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

Article 10

1. Royalties paid for the use of immovable property or for the working of mines, quarries or other natural resources shall be taxable only in the Contracting State in which such property, mines, quarries or other natural resources are situated.

2. Copyright royalties and proceeds or royalties from the sale or grant of licences for the use of patents, trade marks, secret processes and formulae paid in one of the Contracting States to a person having his fiscal domicile in the other State shall be taxable in the latter State, provided that the recipient does not carry on his business in the former State through a permanent establishment. The term "royalties" shall be understood to include income from the renting of cinematograph films.

3. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the royalties paid, 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 recipient in the absence of such relationship, the provisions of this article shall apply only to the last-mentioned amount. In that case, the excess part of the payments, if treated as a dividend or distribution of a company, shall be taxed in accordance with article 8; otherwise, it shall be taxed in accordance with the other provisions of the Convention according to the designation applied to such income.

Article 10 bis.

In order to benefit by the provisions of article 8, paragraphs 2, 3 and 4, article 9, paragraph 2, and article 10, paragraph 2, the person having his fiscal domicile in one of the Contracting States shall be required to produce to the fiscal authorities of the other Contracting State a certificate, countersigned by the fiscal authorities of the first-mentioned State, specifying the income in respect of which the benefit of the aforementioned provisions is sought and certifying that such income and the payments referred to in article 8, paragraphs 3 and 4, will be statutorily subject to direct taxation in the State in which he has his fiscal domicile.

The competent authorities of the two Contracting States shall determine by agreement the arrangements for the application of this article.

Article 11

Directors' percentages, attendance fees and other emoluments received by members of the boards of joint stock companies shall be taxable in that one of the two States in which the company has its fiscal domicile, subject to the application of articles 14 and 15 hereunder in respect of moneys received by them in any other effective capacity.

Article 12

Remuneration for present or past service or work, paid in the form of salaries, pensions, wages or other emoluments by the State, by departments, by communes or by any other public corporation regularly constituted in accordance with the internal legislation of the Contracting States, shall be taxable only in the State of the debtor.

This provision shall apply also to benefits paid under a compulsory social security scheme.

Article 13

Private pensions and annuities arising in one of the Contracting States and paid to persons having their fiscal domicile in the other State shall be exempt from taxation in the first State.

Article 14

1. Subject to the provisions of article 12 above, salaries, wages and other similar emoluments shall be taxable only in the State in whose territory the personal occupation from which the income is derived is carried on.

2. For the purposes of the preceding paragraph, a person shall not be deemed to be carrying on a personal occupation in one of the two States if he is temporarily present in that State for a period of less than 183 days as the employee of an establishment situated in the other State, provided that his remuneration continues to be chargeable to and paid by that establishment.

If such period exceeds a total of 183 days, tax shall be payable in the State in whose territory the employee is present on the aggregate remuneration received by him in respect of the activity he has carried on in that territory from the beginning of his employment therein.

3. A person having his fiscal domicile in one of the Contracting States shall be exempt from tax in the other Contracting State in respect of services performed on board aircraft engaged in international transport.

Article 15

1. Income from a liberal profession and, in general, all earned income other than income of the kinds referred to in articles 11, 12, 13 and 14 of this Convention shall be taxable only in the State in which the personal occupation is carried on.

2. For the purposes of the preceding paragraph, a personal occupation shall be deemed to be carried on in one of the two States only if it has a fixed base in that State.

3. Liberal professions within the meaning of this article shall be deemed to include occupations in the sciences and arts and in literature, education or teaching, as also the occupations of medical practitioner, lawyer, architect or engineer.

4. Notwithstanding the provisions of paragraphs 1 and 2 above, income derived from independent professional activities exercised in one of the two States by actors, singers or dancers or by orchestra conductors and musicians shall be taxable in that State even if these activities have no fixed base there.

5. If the benefits include items of income which are dealt with separately in other articles of the Convention, the provisions of those articles shall not be affected by the provisions of this article.

Article 16

Teachers and other members of the teaching profession of one of the two Contracting States visiting the territory of the other State for the purpose of teaching for a period not exceeding two years at a university, secondary or other school or any other educational institution shall be exempt in the latter State from tax on the remuneration received for such teaching during the said period.

Article 17

Students and apprentices of one of the Contracting States temporarily staying in the other State for the sole purpose of study or occupational training shall not be liable to taxation of any kind in the latter State in respect of such allowances as they may receive from abroad.

Article 18

Income not mentioned in the preceding articles shall be taxable only in the State in which the recipient has his fiscal domicile.

Article 19

1. Income which, in accordance with the provisions of this Convention, is liable to taxation only in one of the two States shall not be taxable in the other State, even by deduction at the source. However, each of the two States retains the right to assess the direct taxes payable on the portions of a taxpayer's income taxable by it at the rate applicable to his entire income.

2. Notwithstanding the provisions of this Convention, each of the two Contracting States retains the right to tax in accordance with its statutory regulations earnings from participations in enterprises constituted as civil companies (societes civiles), partnerships (societes en nom collectif), de facto partnerships (societes de fait) and special partnerships (associations en participation) and from the interests of general partners in limited partnerships (societes en commandite simple).

So far as concerns such earnings, double taxation shall be avoided in the following manner:

(a) Luxembourg shall credit against the tax payable on earnings of this kind which have their source in France and are included in the tax base for personal income tax or the tax on the income of collective entities, and within the limits of these taxes, any tax which has been levied on these earnings in France;

(b) France shall credit against the taxes referred to in article 1, paragraph 1(b), in the tax base for which such earnings are included, and within the limits of these taxes, any taxes referred to in article 1, paragraph 1(a), which have been levied on these earnings in Luxembourg.

3. (a) Where a person having his fiscal domicile in Luxembourg receives income of the kinds referred to in articles 8 and 9 on which French tax has been levied as provided for in those articles, Luxembourg shall credit against the personal income tax or tax on the income of collective entities which it levies on such income the tax which has been levied on these earnings in France. Such credit shall not, however, exceed the fraction of the tax for which the recipient will be liable in Luxembourg in respect of the same income.

The credit referred to in the preceding subparagraph shall not apply in respect of tax deducted at the source in France in the circumstances covered by article 7, paragraph 1.

Dividends paid by a joint-stock company having its fiscal domicile in France to a joint-stock company having its fiscal domicile in Luxembourg which holds directly at least 25 per cent of the registered capital of the first-mentioned company shall be exempt from tax in Luxembourg. In that case, the tax levied by deduction at the source in France shall be neither deductible from the dividends exempted in Luxembourg nor allowable as a credit against the Luxembourg tax.

The provisions of the preceding subparagraph shall also apply where the aggregate holdings of several joint-stock companies having their fiscal domicile in Luxembourg amount to at least 25 per cent of the registered capital of the joint-stock company having its fiscal domicile in France and where one of the first-mentioned companies holds more than 50 per cent of the registered capital of each of the other first-mentioned companies.

(b) France shall allow to persons having their fiscal domicile in France who receive income of the kinds referred to in articles 8 and 9 on which Luxembourg tax has been levied as provided for in those articles a tax credit (credit d'impot), corresponding to the amount of the Luxembourg tax, against the French taxes in the tax base for which such income is included and within the limit of these taxes.

Article 20

As respects taxes on fortune, the following provisions shall be applicable:

1. If the fortune consists of:

(a) Accessory immovable property;

(b) Commercial or industrial enterprises,

the tax may be levied only in the Contracting State which, by virtue of the preceding articles, is authorized to tax income derived from such property.

2. Participations in enterprises constituted as partnerships, limited partnerships, de facto partnerships and special partnerships shall be taxable only in the State in which a permanent establishment is situated.

3. For all other elements of fortune, tax may be levied only in the State of domicile. However, the value of household furniture shall be taxable in the State of the residence in which the furniture is used.

4. Each of the two States retains the right to assess the direct taxes payable on the portions of a taxpayer's fortune taxable by it at the rate applicable to his entire fortune.

Article 21

1. Nationals and companies or other bodies of one of the two Contracting States shall not be subjected in the other State to any taxation other or more burdensome than that to which nationals and companies or other bodies of that other State are subjected.

2. In particular, nationals of one of the two Contracting States who are taxable in the territory of the other State shall be entitled, under the same conditions as nationals of the latter State, to any exemptions, allowances, rebates and reductions granted in respect of family dependants in taxes or charges of any kind.

Similarly, where a taxpayer domiciled in France has a permanent establishment in Luxembourg, the provisions relating to the carry-over of losses shall apply to the taxation of this establishment under the same conditions as for taxpayers domiciled in Luxembourg.

3. The term "nationals" means:

in relation to France -- all French subjects and French-protected persons;

in relation to Luxembourg -- all Luxembourg subjects.

Article 22

1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Convention or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, their political subdivisions or local authorities insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Article 1.

2. Any information received under paragraph 1 by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of taxes mentioned in paragraph 1, the enforcement or prosecution in respect of, the determination of appeals in relation to such taxes, 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.

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

a) 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, commercial, industrial or professional secret or trade process, or information the disclosure of which would be contrary to public order (ordre public).

4. If information is request by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though it may not need the information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations provided for in paragraph 3 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.

5. In no case shall the provisions of paragraph 3 be construed to permit a Contracting State to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or fiduciary capacity or because it relates to ownership interests in a person.

Article 23

1. The Contracting States undertake to lend each other support and assistance in the collection of the taxes dealt with in this Convention and in the collection of interest, costs, additional taxes and non-penal fines.

2. An application made for this purpose shall be accompanied by the documents required under the laws of the applicant State as evidence that the sums to be collected are finally due.

3. On receipt of these documents, writs shall be served and measures of recovery and collection instituted in the State applied to in accordance with the laws governing the recovery and collection of its own taxes. In particular, warrants for collection shall be rendered enforceable in the form prescribed by the laws of that State.

4. Tax debts to be recovered shall not be regarded as privileged debts in the State applied to.

5. Where tax debts are still subject to appeal, the creditor State, in order to protect its rights, may request the other State to serve a writ of execution or collection order on the debtor. Appeals against the claims for which enforcement has in this manner been sought shall lie only to the competent tribunal of the applicable State.

Article 24

1. Where a taxpayer shows proof that as a result of measures taken by the tax authorities of the two Contracting States he has suffered double taxation in respect of the taxes dealt with in this Convention, he may submit a claim either to the competent authorities of the State in whose territory he has his fiscal domicile or to those of the other State. If the claim is considered justified, the competent authorities of the two States shall come to an agreement with a view to the equitable avoidance of the double taxation.

2. The competent authorities of the two Contracting States may also come to an agreement with a view to the avoidance of double taxation in cases not provided for in this Convention and in cases in which the interpretation or application of this Convention gives rise to difficulty or doubt.

3. If it appears that agreement would be facilitated by negotiations, such negotiations shall be entrusted to a mixed commission composed of representatives of the administrations of the two States designated by the competent authorities.

Article 25

1. At any time during the term of this Convention, either of the two Contracting States may express the desire to have the provisions of the Convention extended, either wholly or in part, with such amendments as may be deemed necessary, to any territory for the international relations of which France is responsible and which levies taxes of the same nature as those dealt with in this Convention.

2. Extensions of this Convention pursuant to paragraph 1 of this article shall be effected by exchange between the Contracting States of diplomatic notes specifying the territory to which the provisions extended shall apply and the conditions of such extension.

Provisions extended by exchange of notes as aforesaid, either wholly or in part or with such amendments as may be necessary, shall apply to the specified territory with effect from the date indicated in the notes.

3. At any time after the expiry of a period of one year from the entry into force of an extension effected in accordance with paragraphs 1 and 2 of this article, either of the Contracting States may, by notice in writing to the other Contracting State through the diplomatic channel, terminate the application of the provisions to any of the territories to which they may have been extended; in such case, the provisions shall cease to apply to that territory from 1 January following the date of the notice, it being understood that such termination shall not affect their application to France, to Luxembourg or to any other territory not mentioned in the notice to which they may have been extended.

4. When the provisions of the Convention cease to apply between France and Luxembourg, they shall also cease to apply to any territory to which they have been extended in accordance with this article, except as otherwise expressly decided by the Contracting States.

5. For the purposes of the application of this Convention in any territory to which it has been extended, any reference in the Convention to France and Luxembourg shall be deemed to apply equally to the said territory.

Article 26

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

2. The Convention shall enter into force on the exchange of the instruments of ratification, it being understood that its provisions shall apply for the first time:

(a) As respects taxes deducted at the source:

on income from the movable capital referred to in article 8 -- to the taxation of income paid from 1 January 1957;

on the royalties specified in article 10, paragraphs 2 and 3 -- to the taxation of royalties paid from 1 January 1957;

(b) As respects taxes on other income -- to the taxation of income pertaining to the calendar year 1957 or to financial years ended in the course of that calendar year;

(c) As respects the tax on fortune -- to taxes corresponding to the calendar year 1957.

Where the information specified in article 22 is exchanged as a matter of routine, it shall be furnished as it becomes available during the term of the Convention.

3. On the entry into force of this Convention, the agreement constituted by the exchange of letters of 30 August 1906 and 19 September 1912 between the former Ministry of Alsace-Lorraine and the Fiscal Division of the Grand Duchy of Luxembourg, and the agreement concluded on 16 January 1926 between the French and Luxembourg Governments shall cease to apply and shall no longer have effect.

Article 27

This Convention shall remain in force indefinitely.

On or after 1 January 1963, however, either of the Contracting States may communicate to the other Contracting State through the diplomatic channel, during the first six months of each year, notice in writing of its intention to terminate the Convention. In such case, the Convention shall cease to be operative from 1 January of the year following the date of notification, it being understood that its effect shall be limited, as respects annual taxes, to those established for the year in which notice was given or for the financial years ended in the course of that year.