

AGREEMENT OF 19TH DECEMBER, 1980

Morocco

CONVENTION BETWEEN THE GRAND DUCHY OF LUXEMBOURG AND THE KINGDOM OF MOROCCO FOR THE AVOIDANCE OF DOUBLE TAXATION AND FOR THE PURPOSE OF SETTling CERTAIN OTHER QUESTIONS WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

(Unofficial Translation)

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, a political subdivision or a local authority thereof, 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, on elements of income or capital, including taxes on gains from the alienation of movable or immovable property, taxes on the amount of salaries paid by enterprises as well as taxes on capital appreciation.

3. The existing taxes to which the Convention shall apply are:

a) As regards Luxembourg:

1. personal income tax (l'impôt sur le revenu des personnes physiques);
2. corporation tax (l'impôt sur le revenu des collectivités);
3. capital tax (l'impôt sur la fortune)
4. special tax on directors' fees (l'impôt spécial sur les tantièmes);
5. municipal trade tax on operating profits and capital;
(l'impôt commercial communal d'après les bénéfices et capital d'exploitation)
6. municipal payroll tax (l'impôt communal sur le total des salaires);

(referred to hereinafter as "Luxembourg tax".)

b) As regards Morocco:

1. tax on independent personal services and investment reserve. (l'impôt sur les bénéfices professionnels et la réserve d'investissements);
2. taxes withheld from public and private wages, compensation, emoluments, salaries, pensions and life annuities.(le prélèvement sur les traitements publics et privés, les indemnités et émoluments, les salaires, les pensions et les rentes viagères);
3. city tax and taxes connected therewith (la taxe urbaine et les taxes y rattachées);
4. agriculture tax (l'impôt agricole);
5. supplementary tax on the total income of individuals (la contribution complémentaire sur le revenu global des personnes physiques);
6. tax on earnings from stocks and shares and corporate rights and similar income (l'impôt sur les produits des actions ou parts sociaux et revenus assimilés);
7. business licence tax (l'impôt des patentes);
8. immovable property profit tax (la taxe sur les profits immobiliers);
9. tax on land without buildings (la taxe sur les terrains non-bâties);

(hereinafter referred to as "Moroccan tax").

4. The Convention shall apply also to any identical or similar taxes and to capital taxes which are imposed after the date of signature of this Convention in addition to, or in place of, the existing taxes. The Contracting States shall inform each other of any changes made in their respective tax laws.

Chapter II. Definitions

Article 3 General Definitions

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

a)

(i) the term "Luxembourg", as used in a geographical sense, means the territory of the Grand Duchy of Luxembourg;

(ii) the term "Morocco" means the Kingdom of Morocco, and, as used in a geographical sense, the territory of Morocco as well as the territory adjacent to the territorial waters of Morocco and regarded as national territory for taxation purposes and in which Morocco, in accordance with international law, may exercise its rights pertaining to the sea floor and the marine substratum as well as the natural resources thereof (continental plateau);

b) the terms "a Contracting State" and "the other Contracting State" mean Morocco or Luxembourg, depending on the context;

c) the term "persons" includes an individual, a company, a partnership and any other body of persons;

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

e) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise operated by a resident of a Contracting State and an enterprise operated by a resident of the other Contracting State;

f) the term "tax" means the Moroccan tax or the Luxembourg tax, depending on the context;

g) the term "national" means:

(i) any individual who possesses the nationality of a Contracting State;

(ii) any legal person, partnership or association constituted under the laws in force in a Contracting State

h) the term "competent authority" means:

(i) as regards Luxembourg, the Minister of Finance or a duly authorized representative;

(ii) as regards Morocco, the Minister of Finance or a duly delegated or authorized representative;

2. As regards the application of the Convention by a Contracting State any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the laws of said State concerning the taxes to which the Convention applies.

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.

2. Where by reason of the provisions of paragraph 1, an individual is a resident of both Contracting States, then the question shall be settled according to the following rules:

a) such person shall be deemed to be a resident of the State in which he has a permanent home available to him; if he has a permanent home available to him in both Contracting States, he shall be deemed to be a resident of the Contracting State with which his personal and economic relations are closer (hereinafter referred to as "centre of vital interests");

b) if the Contracting State in which such person has his center of vital interests cannot be determined, or if he has not a permanent home available to him in either Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;

c) if such person has an habitual abode in both Contracting States or in neither of them, he shall be deemed to be a resident of the Contracting State of which he is a national;

d) if such person is a national of both Contracting States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1, a person other than an individual is regarded as 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) a sales outlet;
- d) an office;
- e) a factory;
- f) a workshop.
- g) a mine, a quarry or any other place of extraction of natural resources,
- h). a building site or temporary installation operation lasting longer than six months.

3. The term "permanent establishment" shall be deemed not to include:

- a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
- b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery.
- c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
- d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, collecting information for the enterprise;
- e) the maintenance of a fixed place of business solely for the purpose of performing advertising, providing information, scientific research, or of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;

4. A person who is acting in a Contracting State on behalf of an enterprise of the other Contracting State - other than an agent of an independent status referred to in paragraph 5 hereinafter - shall be deemed a "permanent establishment" in the first-mentioned State if he has and habitually exercises in that State the authority to conclude contracts on behalf of the enterprise, unless the activities of such person are limited to the purchase of goods or merchandise for the enterprise.

5. An enterprise shall not be deemed to have a "permanent establishment" in the other Contracting State merely because it carries on business in that State through a broker, general commission agent or any other intermediary of an independent status, provided that such persons are acting in the ordinary course of their business.

8. 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 in respect of immovable property (including income from agriculture and forestry) shall be taxable in the Contracting State in which such property is situated.

2. For the purposes of this Convention, the term "immovable property" shall have the meaning attributed to it by the laws 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 underground resources; ships, boats and aircraft shall not be regarded as immovable property.

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

4. The provisions of paragraphs 1 and 3 shall also apply to income from the immovable property of an enterprise as well as income from immovable property used in 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 State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In determining the income of a permanent establishment which an enterprise of a Contracting State has in the other State, due regard shall be had to:

- the real costs and expenses borne by the enterprise in the State in which the permanent establishment is situated, which affect directly and especially the acquisition and retention of such income;

- and to the real costs borne by the place of effective management of the enterprise, which are justified by services rendered to the permanent establishment.

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. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be calculated using the same method year by year unless there is good and sufficient reason to the contrary.

6. Where profits include items of income treated separately in other Articles of this Convention, the provisions of those Articles shall not be affected by the provisions of this Article.

Article 8

Shipping and Air Transport

1. Profits arising from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

2. Notwithstanding the provisions of paragraph 1 and of Article 7, profits arising from the operation of ships or aircraft used principally to transport passengers or goods or merchandise exclusively between points situated in a Contracting State may be taxed in that State.

3. The provisions of paragraphs 1 and 2 shall also apply to the profits mentioned in said paragraphs derived by an enterprise of a Contracting State from participation in a pool, a joint business or an international operating agency.

4. "International traffic" means any transport by ship or aircraft operated by an enterprise whose place of effective management is situated in a Contracting State, except where the ship or aircraft is operated solely between points situated in the other Contracting State.

Article 9

Interdependent Enterprises

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.

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 be taxed in the Contracting State of which the company paying the dividends is a resident and under the laws of that State, but the tax so charged may not exceed:

a) 10 percent of the gross amount of the dividends if the recipient of the dividends is a company (other than a partnership) which owns directly at least 25 percent of the capital in the company paying the dividends.

b) 15 percent of the gross amount of the dividends, in all other cases.

The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

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

3. The term "dividends" as used in this Article means income from shares, from jouissance shares, mining shares, founder's 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 where the recipient of the dividends, being a resident of a Contracting State, has in the other Contracting State of which the company paying the dividends is a resident, a permanent establishment with which the holding in respect of which the dividend is paid is effectively connected. In such case, the provisions of Article 7 or Article 14, as the case may be, shall apply.

5. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other Contracting State may not impose any tax on the dividends paid by the company to persons who are not residents of 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, according to the laws of that State, but the tax so charged may not exceed 10 percent of the gross amount of the interest. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

3. The term "interest" as used in this Article means income from government securities and income from bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, as well as any income treated as income from sums lent by the tax laws of the State in which such income arises.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the interest, being a resident of a Contracting State, has in the other Contracting State in which the interest arises a permanent establishment with which the debt-claim in respect of which the interest is paid is effectively connected. In such case, the provisions of Article 7 shall apply.

5. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political 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 in connection with

which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

6. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable under the laws of each Contracting State and the other provisions of this Convention.

Article 12

Royalties

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

2. However, such royalties may also be taxed in the Contracting State in which they arise and under the laws of that State, but the tax so charged may not exceed 10 percent of the gross amount of the royalties. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

3. 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 on literary, artistic or scientific works, including cinematograph films, any patent, trade mark, design or model, plan, secret formula or process, or for the use of or the right to use any industrial, commercial or scientific equipment or for information concerning experience acquired in the area of business, industry or science, as well as payments for technical or economic research.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the royalties, being a resident of a Contracting State, has in the other Contracting State in which the royalties arise a permanent establishment with which the right or property in respect of which the royalties are paid is effectively connected. In such case, the provisions of Article 7 shall apply.

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

Article 13

Capital Gains

1. Gains arising from the alienation of immovable property shall be taxable in the Contracting State in which such property is situated.

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 permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State. However, gains from the alienation of the movable property referred to in paragraph 3 of Article 21 may be taxed only in the Contracting State in which the property concerned is taxable under said Article.

3. Gains from the alienation of any property other than that referred to in paragraphs 1 and 2 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 shall be taxable only in that Contracting State. Subject to the provisions of paragraph 2, such income shall be exempt from taxation in the other Contracting State.

2. Income derived by a resident of a Contracting State in respect of professional services carried on in the other Contracting State may be taxed in that other Contracting State if:

- a) such resident is present in that other Contracting State for a period or periods totaling 183 days in the aggregate in the tax year, or
- b) such resident has in that other Contracting State a fixed base, but only insofar as such income is attributable to said 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, 17 and 18, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1, 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 the calendar year concerned, and
- b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State; and
- c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Contracting State shall be taxable in the Contracting State in which the place of effective management of the enterprise is situated.

Article 16 **Directors' Fees**

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

Article 17
Entertainers and Athletes

1. Notwithstanding the provisions of Articles 7, 14 and 15:

a) income derived by an entertainer, such as a theater, motion picture, radio or television artiste, or a musician or as an athlete, from his personal activities as such may be taxed in the Contracting State in which such activities are exercised;

b) the rule set forth in sub-paragraph a) shall also apply to profits derived by the managers or organizers of any show or entertainment as well as to income from activities performed by any person contributing to the organization or performance of services by professional entertainers or athletes.

2. The provisions of paragraph 1 shall not apply to income from activities performed in a Contracting State by non-profit organizations of the other Contracting State or by members of their staffs, except when the latter are acting on their own behalf.

Article 18
Government Service

1.a) Salaries, wages and other similar remuneration, other than a pension, paid by a Contracting State or a local political subdivision 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 Contracting State of which the recipient is a resident if the services are rendered in that State and if the recipient of the remuneration did not become a resident of that State solely for the purpose of rendering the services.

2. The provisions of paragraph 1 shall not apply to remuneration paid in respect of services rendered in connection with a business carried on by a Contracting State, a political subdivision or a local authority thereof.

Article 19
Students and Business Apprentices

Payments which a student or apprentice who is or was immediately before visiting a Contracting State, a resident of the other Contracting State and who is present in the first-mentioned State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that other State, provided that such payments arise from sources outside that State.

Article 20
Other Income

1. Items of income of a resident of a Contracting State which are not expressly mentioned in the foregoing Articles of this Convention may be taxed in that Contracting State, provided they arise from sources situated in the other Contracting State; said items of income may also be taxed in that other Contracting State.

Chapter IV. Taxation of Capital

Article 21
Capital

1. Capital represented by immovable property may be taxed in the Contracting State in which such property is situated.

2. Capital represented by movable property forming part of the business property of a permanent establishment of an enterprise or by movable property forming part of a fixed base for the purpose of performing independent personal services may be taxed in the Contracting State in which the permanent establishment or the fixed base is situated.

3. Ships and aircraft operated in international traffic by an enterprise of a Contracting State, as well as movable property pertaining to the operation thereof may be taxed only in the Contracting State in which the place of effective management of the enterprise is situated.

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

Chapter V. Provisions for the Prevention of Double Taxation

Article 22

1. As regards the residents of Luxembourg, double taxation shall be avoided in the following manner:

a) income arising in Morocco - except for the income referred to under sub-paragraph b) hereinafter - and items of capital situated in Morocco, which may be taxed in that State by virtue of the foregoing Articles, shall be exempted from the Luxembourg tax. This exemption shall not limit the right of Luxembourg to take into account in computing the rate of the Luxembourg tax, the income and items of capital so exempted;

b) as regards the income referred to in Articles 10, 11, 12 and 20 hereinafter, Luxembourg may, under the provisions of its domestic laws, include them in the tax base referred to in Article 2, but it shall grant on the amount of the income tax pertaining to such income, within the limits of such amount, a reduction corresponding to the amount of taxes withheld by Morocco;

c) subject to sub-paragraph b) shall be treated as set forth in sub-paragraph a) any dividends distributed by a joint-stock company, being a resident of Morocco, and liable in that State for the corporate income tax, to a joint-stock company which is a resident of Luxembourg which owns directly at least 25 percent of the capital in the first-mentioned company. The foregoing shares or rights of the Moroccan company shall, under the same conditions, be exempted from the Luxembourg capital tax;

d) for the purposes of the computation mentioned under sub-paragraph b) above, as long as the dividends are exempted or taxed at a lower rate than the 15 percent rate mentioned in paragraph 2. b) of Article 10 with a view to promoting the economic development of Morocco, the amount of the Moroccan tax attributable shall be 15 percent of the gross amount of said dividends;

e) for the purposes of the computation mentioned under sub-paragraph b) above, as long as the interest is exempted or taxed at a lower rate than the rate set forth in paragraph 2 of Article 11 with a view to promoting the economic development of Morocco, the amount of the Moroccan tax attributable shall be 10 percent of the gross amount of said interest.

2. As regards the residents of Morocco, double taxation shall be avoided in the following manner:

a) where a resident of Morocco receives income not covered in sub-paragraph b) hereinafter which is taxable in Luxembourg in accordance with the provisions of this Convention, Morocco shall exempt such income from taxation, but it may, in computing the amount of its taxes on the remainder of the income of that resident apply the same rate as if the income concerned had not been exempted;

b) as regards the income mentioned in Articles 10, 11, 12 and 20 above, Morocco may, in accordance with the provisions of its domestic laws, include such income in the tax bases mentioned in Article 2, but it shall

allow a reduction in the amount of the taxes pertaining to such income up to that amount, corresponding to the amount of taxes withheld by Luxembourg.

Chapter VI. Special Provisions

Article 23

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 are or may be subjected.

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 or a resident of a Contracting State has in the other Contracting State shall not be less favorably levied in that other State than the taxation levied on enterprises of that other State carrying on the same business. 4. No provision of this Article shall 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 which it grants to its own residents.

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. In this Article, the term "taxation" means the taxes covered by this Convention.

Article 24

Mutual Agreement Procedure

1. Where a resident of a Contracting State 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, without prejudice to the remedies provided by the domestic laws of those States, submit a request in writing for a revision of such taxation to the competent authority of the Contracting State of which he is a resident. To be admissible, such request must be submitted within two years after notification of the measure resulting in taxation which is not in accordance with the Convention.

2. The competent authority referred to in paragraph 1 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 any taxation which is not in accordance with the Convention.

3. The competent authorities of the Contracting States shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. They may also cooperate for the purpose of avoiding double taxation in cases not covered by the Convention.

Article 25

Exchange of Information

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the Contracting States concerning taxes covered by the Convention, insofar as the taxation thereunder is in accordance with the Convention. Any information so exchanged shall be treated as secret and shall be disclosed only to persons or authorities involved in the assessment or collection of the taxes covered by this Convention.

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

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

Article 26

Collection Assistance

1. The Contracting States agree to lend aid and assistance to each other in the collection of the taxes covered by this Convention and in the collection of any interest or additional taxes, excluding any fines or penalties likely to be applied to such taxes.

2. Any request submitted for that purpose shall be accompanied by the documents required by the laws of the petitioning State for the purpose of establishing that the sums to be collected are definitely owed.

3. Based on such documents, any collection notices or measures shall be carried out in the State receiving the petition in accordance with the laws governing the collection and levying of its own taxes. Any collection instruments, in particular, shall be executed in the form specified by the laws of that State.

4. Tax debts to be collected shall not be deemed as preferred debt-claims in the State receiving the petition.

5. As regards tax debts for which remedies are still likely to be found, the State to which the tax is owed may, in order to protect its rights, ask the other State to issue a writ of collection or an order to pay. Any disputes affecting the merits of the claims resulting in the notice may be brought before the court of competent jurisdiction of the petitioning State.

Article 27

Members of Diplomatic Missions and Consular Posts

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

2. Notwithstanding the provisions of Article 4 of this Convention, an individual who is a member of a diplomatic or consular mission, or a permanent mission of a Contracting State established in the other Contracting State or in a Third State shall, for the purposes of this Convention, be deemed a resident of the sending State provided that he is subject to the same requirements with respect to taxes on all income and capital as the residents of said State.

3. This Convention shall not apply to international organizations, to any bodies or officers thereof, nor to any persons who are members of a diplomatic, consular or permanent mission of a Third State, when they are situated in the territory of a Contracting State and are not subject therein to the same requirements with respect to taxes on all income and capital as the residents of said State.

Article 28

Miscellaneous

1. The competent authorities of the Contracting States shall communicate directly with each other as regards the application of this Convention.

2. This Convention shall not apply to holding companies under the specific laws of Luxembourg, currently governed by the law of July 31, 1929 and the decree of December 17, 1938. Nor shall it apply to income derived by a resident of Morocco from similar companies, nor to stocks and shares or other capital instruments of such companies owned by such person.

Article 29

Entry Into Force

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

2. This Convention shall enter into force upon the exchange of the instruments of ratification and it shall have effect:

- a) with respect to taxes owed at the source on income attributed or paid on or after January 1 of the year of exchange of the instruments of ratification;
- b) with respect to other taxes charged on income for tax periods ending on or after January 1 of the year of such exchange;
- c) with respect to taxes on capital existing as of January 1 of the year in which the instruments of ratification are exchanged.

Article 30

Termination

This Convention shall remain in force indefinitely, but either Contracting State may, through June 30 of any calendar year starting in the fifth year after the year of ratification, terminate the Convention, through diplomatic channels, by giving notice in writing to the other Contracting State. In the event of termination before July 1 of such year, the Convention shall apply for the last time:

- a) to taxes owed at the source on income attributed or paid no later than December 31 of the year of termination;
- b) to other taxes charged on income for tax periods ending no later than December 31 of the same year;
- c) to taxes on capital existing as of January 1 of the year of termination.