

AGREEMENT OF 28TH JUNE, 1993

CONVENTION BETWEEN THE GRAND DUCHY OF LUXEMBOURG AND THE RUSSIAN FEDERATION FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

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 each Contracting State, its political subdivisions, or local authorities, irrespective of the manner in which they are levied.

2. The existing taxes to which the Convention shall apply are in particular:

a) in Luxembourg:

- (i) income tax on individuals (l'impôt sur le revenu des personnes physiques)
- (ii) corporation tax (l'impôt sur le revenu des collectivités);
- (iii) special tax on directors' fees (l'impôt spécial sur les tantièmes);
- (iv) capital tax (l'impôt sur la fortune) and
- (v) municipal trade tax on profits and capital (l'impôt commercial communal d'après les bénéfices et capital d'exploitation);

(which shall be referred to hereinafter as "Luxembourg tax");

b) in the Russian Federation:

- (i) corporate and organization profits tax); l'impôt sur le bénéfice des entreprises et organisations)
- (ii) income tax on banks (l'impôt sur le revenu des banques);
- (iii) income tax on insurance income (l'impôt sur le revenu provenant de l'activité d'assurance);
- (iv) individual income tax (l'impôt sur le revenu des personnes physiques);
- (v) tax on corporate capital (l'impôt sur la fortune des entreprises);
- (vi) tax on personal wealth (l'impôt sur la fortune des personnes physiques);

(which shall be referred to hereinafter as "Russian tax").

3. This Convention shall also apply to any identical or similar taxes which could be imposed after the signature date of the Convention in addition to, or in place of, existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes which have been made in their respective taxation laws.

Article 3

General Definitions

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

- a) the term “Contracting State” means, according to the context, the Grand Duchy of Luxembourg (Luxembourg) or the Russian Federation (Russia);
- b) the term “Luxembourg” means the Grand Duchy of Luxembourg. In its geographical sense, the term “Luxembourg” means the territory of the Grand Duchy of Luxembourg;
- c) the term “Russia” means the Russian Federation. Used in its geographical sense, the term “Russia” includes its territorial waters, as well as the exclusive economic zone and continental plateau where the Russian Federation may exercise, in conformity with international law and its national legislation, its sovereign rights, and where the fiscal laws of the Russian Federation shall be in effect;
- d) the term “person” includes an individual, a company and any other body of persons;
- e) the term “company” means any body corporate or any entity which is treated as a body corporate for tax purposes;
- f) the term “international traffic” means any transport by ships, boats, aircraft, or any other means of transport operated by a resident of a Contracting State, except when such transport is operated solely between places in the other Contracting State;
- g) the term “competent authority” means:
 - (i) in Luxembourg, the Minister of Finance of the Grand Duchy of Luxembourg or his authorized representative;
 - (ii) in Russia, the Minister of Finance of the Russian Federation or his 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 law of that 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 his status shall be determined as follows:

- a) he shall be deemed to be a resident of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident of the State with which his personal and economic relations are closer (centre of vital interests);
- b) if the State in which such person has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident of the State in which he has an habitual abode;
- c) if he has an habitual abode in both States or in neither them, he shall be deemed to be a resident 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 resident of a Contracting State wholly or partly carries on business in the other Contracting State.

2. The term “permanent establishment” includes especially:

- a) a place of management;
- b) a branch;
- c) an office;
- d) a factory;
- e) a workshop and
- f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

3. The term “permanent establishment” also includes a building site or construction, installation or assembly project, derrick or ship used for the exploration or development of natural resources or for the technical supervisory activity connected with these objects, but only when this site or these activities last longer than 12 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, display or delivery of goods or merchandise belonging to that resident;

- b) the maintenance of a stock of goods or merchandise belonging to the resident solely for the purpose of storage, display or delivery;
- c) the maintenance of a stock of goods or merchandise belonging to the resident solely for the purpose of processing by another person;
- d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or collecting information, for the resident;
- e) the maintenance of a fixed place of business solely for the purpose of carrying on business for the resident's benefit, or 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).

5. Notwithstanding the provisions of paragraphs 1 and 2, where a resident of a Contracting State carries on business in the other Contracting State through an agent, that resident shall be deemed to have a permanent establishment in that State in respect of any activities which that agent undertakes for the benefit of the resident, if said agent has, and habitually exercises, the authority to conclude contracts in that other State in the name of that resident and if his activities are not limited to those mentioned in paragraph 4.

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

7. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise) shall not of itself constitute either company a permanent establishment of the other.

Article 6

Income From Immovable Property

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.

2. The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources. Ships, boats and aircraft shall not be regarded as immovable property.

3. The provisions of paragraphs 1 apply to the 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 the income derived 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 derived by a resident of a Contracting State shall be taxable only in that State unless the resident carries on business in the other Contracting State through a permanent establishment situated therein. If the resident carries on business as aforesaid, the profits of the resident 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 a resident 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 had been a distinct and separate person engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the resident who owns that permanent establishment.
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.
4. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the resident.
5. 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.
6. 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. Income derived by a resident of a Contracting State from the operation, in international traffic, of the means of transport mentioned in sub-paragraph f) of paragraph 1 of Article 3 shall be taxable only in that State.
2. For the purposes of this Convention, income from international traffic includes income from the direct operation, rental or use, in any form, of the means of transport mentioned in paragraph 1 of this Article, which also comprise the use, maintenance or rental of containers and of equipment required for container transport.
3. The provisions of paragraphs 1 and 2 shall also apply to income from the participation in a pool, a joint business or an international transport agency.

Article 9

Adjustment of Income

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 a company of a Contracting State and an enterprise of the other Contracting State,

and in either case conditions are agreed upon or imposed between the two companies in their commercial or financial relations which differ from those which would be agreed upon between independent companies, then any income which would, but for those conditions, have accrued to one of the companies, but, by reason of those conditions, has not so accrued, may be included in the income of that company and taxed accordingly.

2. Where a Contracting State includes in the income of a company of that State--and taxes accordingly--income on which a company of the other Contracting State has been taxed in that other State and the income so included is income which would have accrued to the company of the first-mentioned State if the conditions agreed upon between the two companies had been those which would have been agreed upon between independent companies, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on that income. 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 recipient is the beneficial owner of the dividends the tax so charged shall not exceed:

- a) 10 % of the gross amount of the dividends if the beneficial owner holds directly at least 30 % of the capital of the company paying the dividends and of an acquisition price of at least 75,000 ECUs or its equivalent in national currency;
- b) 15 % of the gross amount of the dividends in all other cases.

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

3. The term "dividends" as used in this Article means income from shares, "jouissance" shares or "jouissance" rights, mining shares, founders' shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.

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

5. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other 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 only in that other State.
2. The term “interest” as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor’s profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.
3. The provisions of paragraphs 1 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on a trade or 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 or Article 14, as the case may be, shall apply.
4. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

Article 12

Royalties

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State, if that resident is the beneficial owner of such royalties.
2. The term “royalties” as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, and for information concerning industrial, commercial or scientific experience.
3. The provisions of paragraph 1 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on a trade or business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.
4. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of royalties paid, having regard to the service for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

Article 13

Capital Gains

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in that other State.
2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which a resident 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 from the alienation of means of transport referred to in sub-paragraph f) of paragraph 1 in Article 3 operated in international traffic, or movable property pertaining to the operation of such means of transport, shall be taxable only in the Contracting State of which the alienator is a resident.
4. Gains from the alienation of any property other than that referred to in paragraphs 1, 2 and 3, shall be taxable only in the Contracting State of which the alienator is a resident.

Article 14

Income From Independent Personal Services

1. Income derived by an individual who is a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that State. However, the income of this individual shall, under the following conditions, also be taxable in the other Contracting State:
 - a) if the person has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities, or
 - b) if his stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate 183 days within any period of 12 months.
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

Income From Dependent Personal Services

1. Subject to the provisions of Articles 16, 18 and 19, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State, unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.
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 cost of 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:

- a) remuneration derived by a resident of a Contracting State in respect of a salaried employment exercised aboard a means of transport referred to in sub-paragraph f) of paragraph 1 of Article 3 shall be taxable only in that State;
- b) remuneration derived by a resident of a Contracting State in respect of an employment connected with a place of business in the other Contracting State which does not constitute a permanent establishment within the meaning assigned by the provisions of paragraph 3 of Article 5, shall be taxable only in the first-mentioned State;
- c) income derived by a resident of a Contracting State in respect of an employment consisting of providing technical services in the other Contracting State within the meaning assigned by paragraph 3 of Article 5, shall be taxable only in the first-mentioned State, if the aforementioned services are an integral part of the contract.

Article 16

Income received as a Member of a Board of Directors

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

Article 17

Income of Artistes and Sportsmen

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of one 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 an athlete in his capacity as such accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.

3. Notwithstanding the provisions of paragraphs 1 and 2, income derived from activities exercised by entertainers or athletes in a Contracting State are exempt from taxation in that State if the visit in that State is made in connection with exchange programs established by the Contracting States or by their subdivisions or local authorities.

Article 18

Pensions

Pensions and other similar remuneration arising in one Contracting State shall be taxable only in that State.

Article 19

Remuneration of Government Officials

1.
 - a) Remuneration, other than a pension, paid by a Contracting State or a political subdivision or 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 remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State who:
 - (i) is a national of that State; or
 - (ii) did not become a resident of that State solely for the purpose of rendering such services.
2. Any remuneration paid to an individual in respect of an employment in an enterprise or organization of a Contracting State which carries on a trade or business shall not be deemed to be remuneration related to the exercise of government service and shall be taxable in accordance with the provisions of Articles 15 and 16 of the Convention.

Article 20

Payments to Students and Business Apprentices, Researchers and Teachers

Payments which a student, business apprentice, researcher or teacher 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 pursuing his education or training, completing an apprenticeship, conducting research or teaching, receives for the purpose of his maintenance, education or training shall not be taxable in that State, provided that such payments arise from sources situated outside that State.

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 if the recipient of such income, being a resident of a Contracting State, carries on a trade or 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 or Article 14, as the case may be, shall apply.

Article 22

Capital

1. Capital represented by immovable property referred to in Article 6, owned by a resident of a Contracting State and situated in the other Contracting State, may be taxed in that other State.
2. Capital represented by movable property forming part of the business property of a permanent establishment which a resident 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 the means of transport referred to in sub-paragraph f) of paragraph 1 of Article 3 or containers owned by a resident of a Contracting State which are used for the purpose of transport in international traffic, as well as other movable property pertaining to the operation of such means of transport, shall be taxable only in that State.
4. All other elements of capital of a resident of a Contracting State shall be taxable only in that State.

Article 23

Methods for Elimination of Double Taxation

1. In Luxembourg, double taxation shall be avoided as follows:
 - a) Where a resident of Luxembourg derives income or owns capital which, in accordance with the provisions of this Convention may be taxed in Russia, Luxembourg shall, subject to the provisions of sub-paragraphs b) and c), exempt such income or capital from tax but may, in calculating the amount of tax on the remaining income or capital of such resident, apply the rate of tax which would have been applicable if such income or elements of capital had not been exempt.
 - b) Where a resident of Luxembourg derives income which, in accordance with the provisions of Article 10 may be taxed in Russia, Luxembourg shall allow as a deduction from the tax on the income of that resident an amount equal to the tax paid in Russia. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable to such items of income derived from Russia.
 - c) Where a company which is a resident of Luxembourg derives dividends from sources in Russia, Luxembourg shall exempt such dividends from tax, provided that such company which is a resident of Luxembourg has been holding, since the beginning of its trading year, at least 30 % of the capital of the company paying such dividends. The aforementioned equities or shares of the company which is a resident of Russia are, under the same conditions, exempt from the capital tax of Luxembourg.
2. In Russia, double taxation shall be avoided as follows:

Where a resident of Russia derives income or owns capital which, in accordance with the provisions of this Convention may be taxed in Luxembourg, an amount equal to the tax on income or on capital paid in Luxembourg is deducted from the tax levied on the income or capital of such resident in Russia. Such deduction shall not, however, exceed that part of the tax on income or on capital due in accordance with the laws of Russia.

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 a resident of that other State may be subjected. 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.
2. The taxation on income and profits which a resident of a Contracting State derives through a permanent establishment which he owns in the other Contracting State, as well as the capital represented by the assets comprising the business property of that permanent establishment, shall not be less favourably levied than the taxation on the income, profits and capital of the residents of that other State who, under the same conditions, exercise the same or a similar activity.
3. The provisions of this Article shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any tax advantages which it may grant to residents of third-party States by virtue of tax agreements.
4. The provisions of this Article shall apply to taxes which are the subject of this Convention.

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. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Convention.
2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with the Convention. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.
3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. They may also consult together for the elimination of double taxation in cases not provided for in the Convention.
4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement as indicated in the preceding paragraphs.

Article 26

Exchange of Information

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the Contracting States concerning taxes covered by the Convention insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Article 1. Any information received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to

persons or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by the Convention. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

2. In no case shall the provisions of paragraph 1 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 of the other Contracting State;
- c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or process, or information, the disclosure of which would be contrary to public policy (ordre public).

Article 27

Members of Diplomatic Missions and Consular Posts

Nothing in this Convention shall affect the fiscal privileges of the members of diplomatic missions and consular posts granted to them by virtue of the general rules of international law or by virtue of the provisions of special agreements between the two Contracting States.

Article 28

Previous Agreements in Effect

The provisions of this Convention shall not affect the tax provisions of previous agreements concluded between the two Contracting States. However, where this Convention provides for a more favourable tax system, the provisions of this Convention shall apply.

Article 29

Exclusion of Certain Companies

This Convention does not apply to holding companies within the meaning assigned by the specific laws of Luxembourg currently governed by the law of July 31, 1929 and the grand-ducal decree of December 17, 1938, nor to companies in Luxembourg governed by any similar tax law. Neither does it apply to the income which a resident of Russia derives from such companies, nor to the shares or other securities of such companies owned by that person.

Article 30

Entry Into Force

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

2. The Convention shall enter into force upon the exchange of instruments of ratification and its provisions shall have effect:

- a) upon withholding taxes due on income attributed or paid from January 1 of the year following the year that the Convention enters into force;
- b) upon other taxes of taxable periods beginning on or after January 1 of the year following the year that the Convention enters into force.

Article 31

Termination of the Convention

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

- a) upon withholding taxes due on income attributed or paid from January 1 of the year following the year of the termination of the Convention;
- b) upon other taxes of taxable periods ending, at the latest, on December 31 of the year of the termination of the Convention.