AGREEMENT OF 27TH SEPTEMBER, 1993 AS AMENDED BY PROTOCOL OF 11TH DECEMBER, 2008

CONVENTION BETWEEN THE KINGDOM OF THE NETHERLANDS AND THE UNITED MEXICAN STATES FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

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 two States.

Article 2
Taxes Covered

1. The taxes to which the Convention applies are:

a) in the Netherlands:

- inkomstenbelasting (income tax);
- loonbelasting (payroll tax);
- vennootschapsbelasting (corporate tax), including the Government's participation in net profits from the exploitation of natural resources applied in accordance with the Mijnbouwwet (Mining Act);
- dividendbelasting (tax on dividends);

(hereinafter the "Netherlands tax");

b) in Mexico:

- income tax;
- business tax at single rate;

(hereinafter the "Mexican tax").

2. The Convention shall apply also to any identical or similar taxes on income which are imposed by one of the States, its political subdivisions or local authorities after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the States shall notify each other of any substantial changes which have been made in their respective taxation laws.

Chapter II.
Definitions

Article 3
General Definitions

1. For the purposes of this Convention, unless the context thereof infers a different interpretation:

a) The term "State" means Mexico or the Netherlands, according to the context; the term "States" means Mexico and the Netherlands;

b) The term "Mexico" means the United Mexican States;

c) The term "the Netherlands" means the part of the Kingdom of the Netherlands which is located in Europe, including the part of the sea floor and its subsoil under the North Sea to the extent that this area, pursuant to International Law, has been or may be designated to be under the legislation of the Netherlands, as well as the area over which the Netherlands may exercise rights of sovereignty with respect to the exploration and exploitation of natural resources from the sea floor or its subsoil;

d) The term "person" includes an individual, a company and any other body of persons;

e) The term "company" means any legal person or any entity which is treated as a body corporate for tax purposes;

f) The terms "enterprise of one of the States" and "enterprise of the other State" mean respectively an enterprise carried on by a resident of one of the States and an enterprise carried on by a resident of the other State;

g) The term "international traffic" means any transport by a ship or aircraft operated by an enterprise which has its place of effective management in one of the States, except when the ship or aircraft is operated solely between places situated in the other State;

h) The term "national" means:

(i) any individual possessing the nationality of one of the States;

(ii) any legal person, partnership or association constituted under the laws in force in one of the States.

i) The term "competent authority" means:

(i) in Mexico, the Secretariat of Treasury and Public Credit; and

(ii) in the Netherlands. the Minister of Finance or his authorized representative.

2. For the purposes of the Convention at any time by a State, any term not defined therein shall, unless the context otherwise requires, have the meaning it has at that time under the laws of that State concerning the taxes to which the Convention applies, any meaning under the applicable tax laws of that State will prevail over the meaning ascribed to that term under other laws of that State.

Article 4
Resident

1. For the purposes of this Convention, the term "resident of one of the States" 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. But this term does not include any person who is liable to tax in that State in respect only of income obtained deriving from sources situated in that State.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both 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 (center of vital interests);

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

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

d) If he is not a national of either of the States or if, under the terms of the law of the Netherlands, he is a national of both States, the competent authorities of the States shall settle the question by mutual agreement.

3. When, under the provisions of paragraph 1, a company is a resident of both States, the competent authorities of the States will endeavor to resolve the issue by mutual agreement, taking into consideration the place of effective management of the company, the place where it is incorporated or otherwise established and any other important factor. In the absence of such agreement, the company is not entitled to apply for benefits under this Convention, except that the company can apply for the benefits of Articles 23 (Non-Discrimination) and 24 (Mutual Agreement Procedure).

Article 5
Permanent Establishment

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

2. The term "permanent establishment" includes especially:

a) A place of management;

b) A branch;

c) An office;

d) A factory;

e) A workshop; 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" likewise encompasses a building site, a construction, assembly or installation project or supervisory activities in connection therewith, but only where such site, project or activities continue for a period of more than six 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 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 or of collecting information, for the enterprise;

e) The maintenance of a fixed place of business solely for the purpose of doing advertising, supplying information, performing scientific research, preparing the placement of loans or carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;

f) The maintenance of a fixed place of business solely for the purpose of the combined carrying on of the activities mentioned in a) to e), provided that the overall activity of the fixed place of business as a whole retains its preparatory or auxiliary character.

5. Notwithstanding the provisions of paragraphs 1 and 2, where a person – other than an agent of an independent status to whom paragraph 6 applies – is acting on behalf of an enterprise and has, and habitually exercises, in one of the States an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

6. An enterprise shall not be deemed to have a permanent establishment in one of the States merely because it carries on business in that other 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 and, in their commercial or financial relations with the enterprise, they are not bound by accepted or imposed conditions which differ from those generally agreed to by independent agents.

7. Notwithstanding the preceding provisions of this Article, an insurance enterprise of one of the States shall, except in regard to re-insurance, be deemed to have a permanent establishment in the other State if it collects premiums in the territory of that other State or insures risks situated therein through a person other than an agent of an independent status to whom paragraph 6 applies.

8. The fact that a company which is a resident of one of the States controls or is controlled by a company which is a resident of 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.

Chapter III.
Taxation of Various Categories of Income

Article 6
Income From Immovable Property

1. Income derived by a resident of one of the States from immovable property (including income from agriculture or forestry) situated in the other 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 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 Private 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 paragraph 1 shall also 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 the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

Article 7
Business Profits

1. The profits of an enterprise of one of the States shall be taxable only in that State unless the enterprise carries on or has carried on business in the other State through a permanent establishment situated therein. If the enterprise carries on or has carried 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 one of the States carries on business in the other 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 profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere. However, no such deduction shall be allowed in respect of amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission, for specific services performed or for management, or, except in the case of a banking enterprise, by way of interest on moneys lent to the permanent establishment. Likewise, no account shall be taken, in determining the profits of a permanent establishment, for amounts charged (otherwise than towards reimbursement of actual expenses), by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission for specific services performed or for management, or, except in the case of a banking enterprise by way of interest on moneys lent to the head office of the enterprise or any of its other offices.

4. Insofar as it has been customary in one of the States 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 State from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this Article.

5. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

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

7. Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

Article 8
Maritime and Air Transport

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

2. The profits referred to in paragraph 1 do not include the profits obtained from the operation of hotels or a transport activity other than the operation of ships or aircraft in international traffic.

3. If the place of effective management of a transport enterprise is aboard a ship or a boat, then it shall be deemed to be situated in the State in which the home harbor of the ship or boat is situated, or, if there is no such home harbor, in the State of which the operator of the ship or boat is a resident.

4. For the purposes of this Article, the profits deriving from the operation of ships or aircraft in international traffic include the profits deriving from the chartering of ships or aircraft when operated in international traffic if such profits are accessory to the profits mentioned in paragraph 1.

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

Article 9
Associated Enterprises

1. Where:

a) an enterprise of one of the States participates directly or indirectly in the management, control or capital of an enterprise of the other State, or

b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the States and an enterprise of the other 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 not so accrued, may be included in the profits of that enterprise and taxed accordingly.

2. Where one of the States includes in the profits of an enterprise of that State – and taxes accordingly – profits on which an enterprise of the other State has been charged to tax in that other State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Convention and the competent authorities of the States shall if necessary consult each other.

3. The provisions of paragraph 2 do not apply in the case of fraud, wrongful acts or negligence.

Article 10
Dividends

1. Dividends paid by a company which is a resident of one of the States to a resident of the other State may be taxed in that other State.

2. However, such dividends may also be taxed in the 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) 5 percent of the gross amount of the dividends if the beneficial owner is a company which holds directly or indirectly at least 10 percent of the capital of the company paying the dividends;

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

3. The provisions of paragraph 2 shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

4. The term "dividends" as used in this Article means income from dividend shares or dividend rights with no voting privileges, mining shares, founders' shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.

5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of one of the States, carries on business in the other State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

6. Where a company which is a resident of one of the States derives profits or income from the other State, that other State may not impose any tax on the dividends paid by the company, except in so far as such dividends are paid to a resident of that other State or in so far 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 one of the States and paid to a resident of the other State may be taxed in that other State if such resident is the beneficial owner of the interest.

2. However, such interest may also be taxed in the State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest, the tax so charged shall not exceed:

a) 5 percent of the gross amount of interest in the case of interest:

(i) paid on a loan of any kind, granted by a bank or other financial institution, including investment banks and savings banks and insurance companies;

(ii) paid on bonds and securities that are regularly and substantially traded on a recognized stock exchange;

b) 10 percent of the gross amount of interest in all other cases.

3. Notwithstanding the provisions of paragraph 2:

a) The interest deriving from one of the States and paid with respect to a bond, obligation or other similar security of the government of that State, of the central bank of that State, of a political subdivision or of local authority thereof shall be exempt from taxation in that State;

b) The interest deriving from one of the States and paid with respect to a bond, debenture or other similar security to the government of the other State, to the central bank of the other State, to a political subdivision or local authority thereof shall be exempt from taxation in first-mentioned State;

c) The interest deriving from one of the States and paid with respect to loans under preferential conditions devoted to promoting development and exports, with a term of three years or more, guaranteed or insured by the government of the other State, the central bank of the other State or any agency or organization (including a financial institution) owned by that government, shall be exempt from taxation in first-mentioned State;

d) The interest deriving from one of the States and paid to a recognized pension fund of the other State shall be exempt from taxation in first-mentioned State.

4. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.

5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of one of the States, carries on business in the other 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 them. In such cases the provisions of Article 7 or Article 14, as the case may be, shall apply.

6. Interest shall be deemed to arise in one of the States 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 one of the States or not, has in one of the States a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

7. Where by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest for any reason 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 State, due regard being had to the other provisions of this Convention.

8. The provisions of this Article shall not apply when the debt-claim for which the interest is paid was granted or assigned principally for the purpose of taking advantage of this Article. In the case where one of the States intends to apply this paragraph, the competent authority of that State shall consult in advance with the competent authority of the other State.

Article 12
Royalties

1. Royalties arising in one of the States and paid to a resident of the other State may be taxed in that other State if such resident is the beneficial owner of the royalties.

2. However, such royalties may also be taxed in the State in which they arise and according to the laws of that State, but if the recipient is the beneficial owner of the royalties, the tax so charged shall not exceed 12 percent of the gross amount of the royalties.

3. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematographic 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. The term "royalties" also includes the gains obtained from the alienation of any of such property or rights which are conditioned upon the productivity or use of them.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of one of the States, carries on business in the other 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 cases the provisions of Article 7 or Article 14, as the case may be, shall apply.

5. Royalties shall be deemed to arise in one of the States 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 royalties, whether he is a resident of one of the States or not, has in one of the States a permanent establishment in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the 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 royalties for any reason 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 State, due regard being had to the other provisions of this Convention.

7. The provisions of this Article shall not apply when the right or property for which the royalties are paid was granted or assigned principally for the purpose of taking advantage of this Article. In the case where one of the States intends to apply this paragraph, the competent authority of that State shall consult in advance with the competent authority of the other State.

Article 13
Capital Gains

1. Gains derived by a resident of one of the States from the alienation of immovable property referred to in Article 6 and situated in the other State may be taxed in that other State.

Gains obtained by a resident of one of the States from the alienation of shares (other than shares listed on a recognized securities exchange in the other State) or other rights in a company residing in the other State, the value of which derives principally from immovable property located in that other State, may be taxed in such other State. For the purposes of this paragraph, the term “immovable property” includes shares in a company the value of which derives principally from immovable property, but does not include property (other than property under lease) with respect to which the business activities of the company have been carried on.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of one of the States has in the other State or of movable property pertaining to a fixed base available to a resident of one of the States in the other 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 ships or aircraft operated in international traffic or movable property pertaining to the operation of such ships or aircraft, shall be taxable only in the State in which the place of effective management of the enterprise is situated. For the purposes of this paragraph the provisions of paragraph 3 of Article 8 shall apply.

4. Gains from the alienation of shares of a company resident in one State may be taxed in that State. However, the tax so charged will not exceed 10 percent of taxable gains.

5. Gains from the alienation of any property other than that referred to in paragraphs 1, 2, 3 and 4 of this Article and in Article 12 shall be taxable only in the State of which the alienator is a resident.

Article 14
Independent Personal Services

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

a) If he has a fixed base regularly available to him in the other State for the purpose of performing his activities; in that case, only so much of the income as is attributable to that fixed base may be taxed in that other State; or

b) If his stay in the other State is for a period or periods amounting to or exceeding in the aggregate 183 days in any period of twelve months which starts or ends in the fiscal year concerned; in that case, only so much of the income as is derived from his activities performed in that other State may be taxed in that other State.

2. The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

Article 15
Dependent Personal Services

1. Subject to the provisions of Articles 16, 18 and 19, salaries, wages and other similar remuneration derived by a resident of one of the States in respect of an employment shall be taxable only in that State unless the employment is exercised in the other 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 one of the States in respect of an employment exercised in the other State shall be taxable only in the first-mentioned State if:

a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in any period of twelve months which starts or ends in the fiscal 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 by a resident of one of the States in respect of an employment exercised aboard a ship or aircraft operated in international traffic shall only be taxed in that State.

Article 16
Directors' Fees

Directors' fees and other similar payments derived by a resident of one of the States in his capacity as a member of a "consejo de administracion", or as an "administrador" or as a "comisario", in the case of Mexico, or as a "bestuurder" or a "commissaris", in the case of the Netherlands, of a company which is a resident of the other State may be taxed in that other State.

Article 17
Artistes and Sportsmen

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of one of the States as an entertainer, such as a theater, motion picture, radio or television artiste, or a musician, or as a sportsman, from his personal activities exercised in the other State, may be taxed in that other State. The income derived by

an entertainer or sportsman residing in one of the States deriving from his personal activities exercised in the other State relating to his personal fame may be taxed in the other State.

2. Where income in respect of personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the State in which the activities of the entertainer or sportsman are exercised.

Article 18
Pensions, Annuities and Social Security Payments

1. Subject to the provisions of paragraph 2 of Article 19, pensions and other similar remuneration paid to a resident of one of the States in consideration of past employment, as well as any annuity, shall be taxable only in that State.

2. However, when such remuneration is not periodic in nature and is paid in consideration of past employment in the other State, or when instead of the right to annuities a single payment is made, such remuneration or payment shall only be taxed in that other State.

3. Any pension or other payment made in accordance with the provisions of a social security system of one of the States to a resident of the other State may be taxed in the first-mentioned State but the tax thus applied shall not exceed 17.5 percent of the gross amount of that pension or payment.

4. The term "annuity" means a determined sum paid periodically on determined dates during the life or during a determined or determinable period of time in accordance with an obligation to make payments in consideration of adequate and full remuneration in money or in the equivalent thereof.

Article 19
Government Service

1. *a)* Remuneration, other than a pension, paid by one of the States or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.

b) However, such remuneration shall be taxable only in the other State if the services are rendered in that other State and the individual is a resident of that State who:

(i) is a national of that State; or

(ii) did not become a resident of that State solely for the purpose of rendering the services.

2. *a)* Any pension paid by, or out of funds created by, a State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.

b) However, such pension shall be taxable only in the other State if the individual is a resident of, and a national of, that other State.

3. The provisions of Articles 15, 16 and 18 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by one of the States or a political subdivision or a local authority thereof.

Article 20
Students

Payments which a student or business apprentice who is or was immediately before visiting one of the States a resident of the other 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 State, provided that such payments arise from sources outside that State.

Article 21
Other Income

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

2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income, being a resident of one of the States, carries on business in the other 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.

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, items of income of a resident of one of the States not dealt with in the foregoing Articles of this Convention and arising in the other State may also be taxed in that other State, but the tax thus applied shall not exceed 17.5 percent of the gross amount of such income.

Chapter IV.
The Elimination of Double Taxation

Article 22

1. In accordance with and subject to the limitations of the legislation of Mexico (pursuant to the occasional modifications of such legislation which do not affect its general principles), Mexico shall eliminate double taxation in the following manner:

a) Residents of Mexico may credit the tax of the Netherlands up to an amount not exceeding the tax which would be paid in Mexico for the same income; and

b) Companies residing in Mexico may credit against Mexican tax derived from obtaining dividends the Netherlands tax paid for profits against which the company residing in the Netherlands has paid the dividends.

2. The Netherlands, when taxing its residents, may include in the basis of such tax the income which, in accordance with the provisions of this Convention, may be taxed in Mexico.

3. However, when a resident of the Netherlands derives income which, in accordance with Article 6, Article 7, paragraph 5 of Article 10, paragraph 5 of Article 11, paragraph 4 of Article 12, paragraphs 1, 2 and 4 of Article 13, Article 14, paragraph 1 of Article 15, paragraphs 1 a) and 2 a) of Article 19, and paragraph 2 of Article 21 of this Convention, may be taxed in Mexico and is included in the basis referred to in paragraph 2, the Netherlands shall exempt such income, allowing a reduction in the tax thereof. This reduction shall be calculated in accordance with the provisions of the law of the Netherlands for eliminating double taxation. For these purposes the income mentioned shall be deemed to be included in the total amount of the income exempt from the Netherlands tax in accordance with such provisions.

4. In addition, the Netherlands shall allow a deduction in the Netherlands tax thus calculated for income which, in accordance with paragraph 2 of Article 10, paragraph 2 of Article 11, paragraph 2 of Article 12,

Article 16, Article 17, paragraphs 2 and 3 of Article 18 and paragraph 3 of Article 21 of this Convention, may be taxed in Mexico, to the extent that such income is included in the basis mentioned in paragraph 2. The amount of this deduction shall be equal to the amount of the tax paid in Mexico on such income but shall not exceed the amount of the reduction which would be allowed if the income thus included were the only income exempt from the Netherlands tax in accordance with the provisions of the law of the Netherlands for eliminating double taxation.

5. When, by reason of the diminution of the tax charge in accordance with provisions of the legislation of Mexico with the purpose of promoting investment in Mexico or by reason of the diminution of the tax charge granted pursuant to the Convention, the Mexican tax effectively paid on dividends referred to in paragraph 2 b) of Article 10, paid by a company residing in Mexico, or on interest deriving from Mexico or royalties deriving from Mexico, is less than 15 percent, then the amount of the tax paid in Mexico on such dividends, interest or royalties shall be deemed to be paid at a rate of 15 percent. However, when the general tax rates referred to above applicable to dividends, interest or royalties in accordance with the legislation of Mexico are reduced below those mentioned in this paragraph, such lower rates shall apply for the purposes of this paragraph. The provisions of this paragraph shall be applicable only for a period of fifteen years from the effective date of the Convention. This period may be extended by the mutual agreement of the competent authorities.

Chapter V.
Special Provisions

Article 23
Non-Discrimination

1. Nationals of one of the States shall not be subjected in the other 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. This provision shall, notwithstanding the provisions of Article 1, also apply to the nationals of either of the States even though they are not residents of one or both of the States.

2. The taxation on a permanent establishment which an enterprise of one of the States has in the other 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 activities. This provision shall not be construed as obliging one of the States to grant to residents of the other 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.

3. Except where the provisions of paragraph 1 of Article 9, paragraph 7 of Article 11, or paragraph 6 of Article 12 apply, interest, royalties and other disbursements paid by an enterprise of one of the States to a resident of the other State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State.

4. Enterprises of one of the States, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other 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.

5. The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description.

6. The contributions made in a year with respect to services rendered in that year and paid by or on behalf of an individual residing in one of the States or who is temporarily staying in that State, to a pension plan recognized for tax purposes in the other State, shall be treated during a period not exceeding a total of 60 months in the same manner for tax purposes in the first-mentioned State as a contribution paid to a pension plan recognized for tax purposes in that first-mentioned State, provided that:

a) that individual is required to make contributions to the pension plan by reason of his employment contract;

b) that individual made contributions to the pension fund before being a resident of or temporarily staying in the first-mentioned State; and

c) the competent authority of the first-mentioned State agrees that the pension plan is equivalent to a pension plan recognized for tax purposes by that State.

Article 24
Mutual Agreement Procedure

1. Where a person considers that the actions of one or both of the 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 State of which he is a resident or, if his case comes under paragraph 1 of Article 23, to that of the State of which he is a national. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Convention.

2. The competent authority shall endeavor, 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 State, with a view to the avoidance of taxation which is not in accordance with this Convention.

3. The competent authorities of the States shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention.

4. The competent authorities of the States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

5. The competent authorities of the States may, by mutual agreement, establish the manner of applying paragraph 2 of Article 10, paragraphs 2 and 3 of Article 11, paragraph 2 of Article 12, paragraph 4 of Article 13, paragraph 3 of Article 18 and paragraph 3 of Article 21.

Article 25
Exchange of Information

1. The competent authorities of the States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Convention or for the administration or enforcement of domestic laws concerning taxes of every kind and description imposed by the States, to the extent that the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Articles 1 and 2.

2. Any information received under paragraph 1 by a State shall be kept secret in the same manner as information obtained under the domestic laws of that State and is only disclosed to persons or authorities (including courts and administrative bodies) responsible for the assessment or collection of taxes mentioned in paragraph 1, of the enforcement or prosecution in respect of such taxes, the determination of appeals relating thereto or charged with verifying compliance with the foregoing. 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 may the provisions of the preceding paragraphs be interpreted to impose on one of the States the obligation to:

a) adopt administrative measures at variance with the laws and administrative practice of that or the other State;

b) provide information not obtainable under the laws or in the exercise of normal administrative practice of that or the other State;

c) supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information whose disclosure would be contrary to public policy (ordre public).

4. If information is requested by a State under this Article, the other State shall use its information-gathering mechanisms to obtain the requested information, even though that other State may not need such information for its own tax purposes. The foregoing obligation is subject to the limitations of paragraph 3, but in no case shall such limitations be construed to allow a State to refuse to provide the information solely because there is no domestic interest in such information.

5. In no case shall the provisions of paragraph 3 be construed as allowing a State to refuse to disclose the information only because it is held by a bank, other financial institution, a person acting as an agent or trustee or because such information relates to the property rights of a person.

Article 26
Assistance in Tax Collection

1. The States shall assist each other in the collection of tax claims. This assistance is not restricted by Articles 1 and 2. The competent authorities of the States may, by mutual agreement, settle the mode of application of this Article.

2. For the purposes of this Article, the term "tax claim" means an amount owed in respect of taxes of every kind and description imposed by States, insofar as the taxation thereunder is not contrary to this Convention or any other instrument to which the States are parties, as well as interest, administrative fines and costs of collection or maintenance related to such amount.

3. When a tax claim of a State is enforceable under the laws of that State and the debtor is a person who, at that time and in accordance with the laws of that State, cannot prevent its collection, the tax claim shall, at the request of the competent authority of that State, be accepted for purposes of collection by the competent authority of the other State. This tax claim shall be collected by that other State in accordance with the provisions of law applicable to the enforcement and collection of its own taxes as if the tax claim were a tax claim of that other State.

4. When a tax claim of a State is a claim for which the State may, under its law, adopt measures of conservancy to ensure its collection, the tax claim shall, at the request of the competent authority of that State, be approved by the competent authority of the other State in order to take measures of conservancy. That other State shall take measures of conservancy in respect of that tax claim, in accordance with the provisions of its laws as if the tax claim belonged to that other State, even if at the time when the measures are implemented, the tax claim is not payable in the first-mentioned State or the debtor is a person who has a right to prevent its collection.

5. Notwithstanding the provisions of paragraphs 3 and 4, a tax claim accepted by a Contracting State for purposes of paragraph 3 or 4 shall not, in that State, be subject to the time limits or accorded any priority applicable to tax claims under the laws of that State by reason of its nature as such, unless otherwise agreed between the competent authorities, and it may not be recovered by imprisonment of the debtor for his debt. In addition, a tax claim accepted by a Contracting State for purposes of paragraphs 3 or 4 shall not, in that State, have any priority applicable to said tax claim under the laws of the other Contracting State.

6. Proceedings with respect to the existence, validity or amount of a tax claim of a State shall not be brought before the courts or administrative bodies of the other State.

7. Where, at any time a request has been made by a State under paragraphs 3 or 4, and before the other State has collected and remitted the tax claim to the first-mentioned State, the tax claim ceases to be:

a) in the case of a request pursuant to paragraph 3, a tax claim of the first-mentioned State that is enforceable under the laws of that State and whose debtor is a person who, at that time, cannot, under the laws of that State, prevent its collection; or

b) in the case of a request pursuant to paragraph 4, a tax claim of the first-mentioned State in respect of which that State under its domestic law, can take measures of conservancy to ensure its collection,

the competent authority of the first-mentioned State shall promptly notify the competent authority of the other State of the fact and, at the option of the other State, the first-mentioned State shall suspend or withdraw its request.

8. In no case shall the provisions of this Article be construed so as to impose on a State the obligation to:

a) adopt administrative measures at variance with the laws and administrative practice of that or the other State;

b) adopt measures that would be at variance with public policy (ordre public);

c) provide assistance if the other State has not taken all reasonable steps for recovery or conservancy measures, as the case may be, available under its laws or administrative practice;

d) provide assistance in those cases where the administrative burden for that State is clearly disproportionate to the benefit to be derived by the other State.

Article 27
Diplomatic Agents and Consular Officers

Nothing in this Convention shall affect the fiscal privileges of diplomatic agents or consular officers under the general rules of international law or under the provisions of special agreements.

Article 28
Territorial Extension

1. This Convention may be applied, in its present form or with the necessary modification, to the Dutch Antilles or Aruba, or both, if the corresponding country applies taxes of a nature substantially similar to that of those applied in the Convention. This extension shall take effect as of the date and subject to the modifications and conditions, including the conditions relating to termination, which may be specified and agreed to in notes exchanged by diplomatic channels.

2. Unless agreed otherwise, the termination of the Convention shall not give rise to the termination of any extension of the Convention to any country to which it has been extended by virtue of this Article.

Chapter VI.
Final Provisions

Article 29
Entry Into Force

1. This Convention shall be subject to ratification in accordance with the applicable procedures of each one of the State and the instruments of ratification shall be exchanged at Mexico City as soon as possible.

2. The Convention shall enter into force upon the exchange of instruments of ratification and its provisions shall have effect for the fiscal years and periods starting from the first day of January subsequent to the effective date of the Convention.

3. The Agreement existing between the United Mexican States and the Kingdom of the Netherlands on exemption from income tax on profits deriving from the operation of merchant vessels entered into by the exchange of notes at The Hague on October 18, 1984 shall be deemed to be terminated upon the entry into force of this Convention. However, the provisions of that Agreement shall continue in effect until the provisions of this Convention take effect in accordance with the provisions of paragraph 2 of this Article.

Article 30
Termination

This Convention shall remain in force until terminated by one of the States. Either State may terminate the Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year after the expiration of a period of five years from its coming into force. In such event, the Convention shall cease to have effect for the fiscal years and periods starting subsequent to the termination of the calendar year in which the notice of recission is given.