

1973 Income Tax Convention

Treaty Partners: Ireland; Pakistan

Signed: April 13, 1973

In Force: December 20, 1974

Effective: In Ireland: income tax, from April 6, 1968; corporation tax, from April 1, 1968. In Pakistan, from July 1, 1968. See Article XXIV.

Status: In Force

CONVENTION BETWEEN IRELAND AND PAKISTAN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The Government of Ireland and the Government of Pakistan;

Desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income;

Have agreed as follows:

Article I.

(1) The taxes which are the subject of this Convention are:--

(a) In Pakistan:

the income-tax, and

the super-tax,

(hereinafter referred to as "Pakistan tax")

and the agricultural income-tax to the extent provided for in Article XV;

(b) In Ireland:

the income tax (including sur-tax), and

the corporation profits tax,

(hereinafter referred to as "Irish tax").

(2) The present Convention shall also apply to any other taxes of a substantially similar character imposed by either Contracting State subsequently to the date of signature of this Convention or by the Government of any territory to which the present Convention is extended under Article XXIII.

Article II.

(1) In this Convention, unless the context otherwise requires:

(a) The term "Pakistan" means the Provinces of Pakistan and such other states and territories as are or may become included in Pakistan, whether by accession or otherwise;

(b) The terms "a Contracting State" and "the other Contracting State" means Pakistan, or Ireland as the context requires;

(c) The term "tax" means Pakistan tax or Irish tax as the context requires;

(d) The term "person" includes natural persons, companies and all other entities which are treated as taxable units under the tax laws of either of the Contracting States;

(e) The term "nationals" means all individuals possessing the nationality of a Contracting State and all legal persons, partnerships and associations deriving their status as such from the law in force in a Contracting State;

(f) The term "company" means any body corporate and includes any entity which is treated as a body corporate for tax purposes under the laws of either of the Contracting States;

(g) The terms "resident of Pakistan" and "resident of Ireland" mean respectively any person who is resident in Pakistan for the purposes of Pakistan tax and not resident in Ireland for the purposes of Irish tax, and any person who is resident in Ireland for the purposes of Irish tax and not resident in Pakistan for the purposes of Pakistan tax; a company shall be regarded as resident in Pakistan if its business is managed and controlled in Pakistan and as resident in Ireland if its business is managed and controlled in Ireland; provided that nothing in this paragraph shall affect any provision of the law of Ireland regarding the imposition of corporation profits tax in the case of a company incorporated in Ireland whose business is not managed and controlled in Pakistan;

(h) The term "Pakistan company" means a company which is a resident of Pakistan and the term "Irish company" means a company which is a resident of Ireland;

(i) The terms "Pakistan enterprise" and "Irish enterprise" mean respectively an industrial or commercial enterprise or undertaking carried on by a resident of Pakistan and an industrial or commercial enterprise or undertaking carried on by a resident of Ireland; and the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean a Pakistan enterprise or an Irish enterprise, as the context requires;

(j) The term "industrial or commercial profits" does not include rents or royalties in respect of motion picture films and films for use in connection with television or income from the operation of ships or aircraft, or income in the form of dividends, interest, rents, or royalties or a fee or other remuneration derived by an enterprise from the management, control or supervision of the trade, business, or other activities of another enterprise or concern, or remuneration for labour or personal (including professional) services;

(k) The term "permanent establishment", when used with respect to an enterprise of a Contracting State, means a fixed place of business in which the business of the enterprise is wholly or partly carried on. It includes an office, a branch, a place of management, a factory, a workshop, a mine, quarry or other place of natural resources subject to exploitation or a building site or construction or assembly project which exists for more than twelve months.

In this connection--

(i) An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business dealings in that other Contracting State through a bona fide broker, general commission agent or other independent agent acting in the ordinary course of his business as such, or because it makes purchases of goods or merchandise direct from an independent exporter in that other Contracting State in the normal course of international trade.

(ii) The use of mere storage facilities or the maintenance in a Contracting State of a stock of goods or merchandise by an enterprise of the other Contracting State, whether in a warehouse or not, merely for the convenience of delivery and not for purposes of display shall not of itself constitute a permanent establishment.

(iii) An enterprise of a Contracting State shall be deemed to have a permanent establishment in the other Contracting State if it has in that other Contracting State an agent or employee who--

(a) has and habitually exercises a general authority to negotiate and conclude contracts on behalf of the enterprise;

(b) has in that other Contracting State a stock of goods or merchandise from which he regularly fills orders on behalf of the enterprise.

(iv) The fact that a company which is a resident of a Contracting State has a subsidiary company which is a resident of the other Contracting State or which carries on a trade or business in that other State (whether through a permanent establishment or otherwise) shall not of itself constitute that subsidiary company a permanent establishment of its parent company.

(l) The term "competent authorities" means, in the case of Pakistan, the Central Board of Revenue or their authorised representative, and, in the case of Ireland, the Revenue Commissioners or their authorised representative; and in the case of any territory to which the present Convention is extended under Article XXIII, the competent authority for the administration in such territory of the taxes to which the present Convention applies.

(2) Where under this Convention any income is exempt from tax in a Contracting State if (with or without other conditions) it is subject to tax in the other State and that income is subject to tax in that other State by reference to the amount thereof which is remitted to, or received in that other State, the exemption to be allowed under this Convention in the first-mentioned State shall apply only to the amount so remitted or received.

(3) In the application of the provisions of this Convention by one of the Contracting States any term not otherwise defined in this Convention shall, unless the context otherwise requires, have the meaning which it has under the laws in force in the territory of that State relating to the taxes which are the subject of this Convention.

Article III.

(1) The industrial or commercial profits of an enterprise of a Contracting State shall not be subject to tax in the other Contracting State unless the enterprise is engaged in trade or business in that other Contracting State through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by that other Contracting State, but only on so much of them as is attributable to that permanent establishment.

(2) Where an enterprise of a Contracting State is engaged in trade or business in the other Contracting State through a permanent establishment

situated therein, there shall be attributed to that permanent establishment the industrial or commercial profits which it might be expected to derive in that other Contracting State if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing at arm's length with the enterprise of which it is a permanent establishment.

(3) In determining the industrial or commercial profits of a permanent establishment there shall be allowed as deductions all expenses which would be deductible if the permanent establishment were an independent enterprise in so far as they are reasonably allocable to the permanent establishment, including executive and general administrative expenses so deductible and allocable, whether incurred in the Contracting State in which the permanent establishment is situated or elsewhere.

Article IV.

Where--

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

(b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

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

Article V.

(1) Notwithstanding the provisions of Articles III and IV, profits derived by an enterprise of a Contracting State from the operation of aircraft owned or chartered by that enterprise shall be exempt from tax in the other Contracting State, unless the aircraft is operated wholly or mainly between places within that other State.

(2) Notwithstanding the provisions of Articles III and IV, profits which an enterprise of a Contracting State derives from the operation of ships whose port of registry is in that State shall be exempt from tax in the other Contracting State, unless the ship is operated wholly or mainly between places within that other State.

(3) The provisions of paragraphs (1) and (2) shall likewise apply in respect of profits derived from participation in pools by enterprises engaged in air or shipping transport.

Article VI.

(1) Where a company which is a resident of a Contracting State, derives profits or income from sources within the other Contracting State, there shall not be imposed in that other Contracting State any form of taxation on dividends paid by the company to persons not resident in the other Contracting State, or any form of taxation chargeable in connection with or in lieu of the taxation of dividends or any tax in the nature of an undistributed profits tax on undistributed profits of the company, whether or not those dividends or undistributed profits represent, in whole or in part, profits or income so derived:

Provided that nothing contained in this paragraph shall affect the provisions of the Pakistan law providing for the allowance of rebate of super-tax at a higher rate to companies which make such arrangements, as may be prescribed in this behalf, for the declaration and payment of dividends and the deduction of super-tax from dividends paid by them than that allowed to other companies;

Provided further that nothing contained in this paragraph shall have the effect that super-tax may be imposed on the profits of a company which is a resident of Ireland and which does not make the aforesaid prescribed arrangements at a rate exceeding the rate payable by a company, which makes those arrangements, by more than 10 per cent.

(2) The rate of Pakistan super-tax on dividends paid to a public company, being a resident of Ireland, by a company, being a resident of Pakistan and engaged in an industrial undertaking in Pakistan, shall, if the first-mentioned company owns more than 50 per cent of the voting shares of the latter company and the dividends are allocable to profits of the industrial undertaking and Pakistan income-tax and super-tax has been paid by the Pakistan company on such profits, not exceed 10 per cent.

(3) The provisions of section 23-A of the Pakistan Income Tax Act relating to the compulsory distribution of company profits shall not apply to the income of a company being a resident of Pakistan, more than 50 per cent of the voting shares of which are owned by a public company, being a resident of Ireland, if the first-mentioned company is engaged in an industrial undertaking in Pakistan and its undistributed profits are wholly or mainly retained for the purposes of industrial development and expansion in Pakistan.

(4) Where an individual, who is a resident of Ireland and is not engaged in any trade or business in Pakistan through a permanent establishment situated therein, receives a dividend in respect of which he is subject to Irish tax from a

company which is incorporated in Pakistan, the Pakistan tax payable by him in respect of the aforesaid dividend shall not exceed the Pakistan tax which would have been payable in respect of that dividend computed at the rates which would have been applicable to his total world income if he had been resident and ordinarily resident in Pakistan and the aforesaid total world income had been his total income:

Provided that nothing contained in this paragraph shall entitle such an individual to a refund of income-tax deemed to have been paid by him under the provisions of section 49B of the Pakistan Income Tax Act in respect of that dividend.

(5) Dividends paid by a company which is a resident of Ireland to a resident of Pakistan, who is subject to tax in Pakistan in respect thereof and does not carry on a trade or business in Ireland through a permanent establishment situated therein, shall be exempt from Irish sur-tax.

(6) In paragraphs (2) and (3) of this Article--

(a) The term "public company" means, in relation to any year of assessment--

(i) a company which does not restrict the right to transfer its shares, which does not prohibit the issue of its shares to the public or the sale of its shares at a recognised stock exchange and of which shares carrying more than 50 per cent of the voting power were held or controlled at any time during the previous year by not less than six persons; or

(ii) a company all the shares of which were held at the end of the previous year by one or more such public companies as defined in sub-paragraph (a) (i) of this paragraph; and

(b) The term "industrial undertaking" means--

(i) an undertaking engaged in--

(aa) The manufacture of goods or materials or the subjection of goods or materials to any process which results in substantially changing their original condition; or

(bb) Ship-building; or

(cc) Electricity, hydraulic power, gas or water supply; or

(dd) Mining including the working of an oil-well or the sources of any mineral deposit; or

(ii) any other undertaking which is declared by the taxation authorities in Pakistan to be an industrial undertaking for the purposes of Pakistan tax laws.

Article VII.

(1) Interest on bonds, securities, notes, debentures or any other form of indebtedness derived from sources within a Contracting State by a resident of the other Contracting State shall be exempt from tax in that other Contracting State if it is taxed in the first-mentioned State, provided that such interest shall be taxable only in the first-mentioned State if it is paid or guaranteed by the Government of that State or if it is payable on a loan in respect of which that Government has given an approval recognised for purposes of the application of any enactment.

(2) Notwithstanding the provisions of paragraph (1) of this Article--

(a) The State Bank of Pakistan shall be exempt from Irish tax with respect to interest from sources within Ireland;

(b) The Central Bank of Ireland shall be exempt from Pakistan tax with respect to interest from sources within Pakistan;

(c) The Government of a Contracting State shall be exempt from the tax of the other Contracting State with respect to interest on loans or dividends received by that Government from sources within that other Contracting State.

Article VIII.

(1) Any royalty derived from sources within a Contracting State by a resident of the other Contracting State shall be exempt from tax in the first-mentioned State unless he is engaged in trade or business in that State through a permanent establishment situated therein and the royalty is attributable to that permanent establishment.

(2) In this Article, the term "royalty" means any royalty or other amount paid as consideration for the use of, or the privilege of using, any copyright, patent, design, secret process or formula, trade mark or other like property (including motion picture films and films and tapes for use in connection with television) but does not include any royalty or other amount paid in respect of the operation of a mine or quarry or of any other extraction of natural resources.

(3) Where any royalty exceeds a fair and reasonable consideration in respect of the rights for which it is paid, the exemption provided by this Article shall apply only to so much of the royalty as represents such fair and reasonable consideration.

Article IX.

(1) Income from immovable property may be taxed in the Contracting State in which the property is situated.

(2) Interest on debts secured by mortgages on immovable property and royalties or other amounts paid in respect of the operation of a mine, quarry or other place of extraction or exploitation of natural resources shall, for the purposes of this Article, be regarded as income derived from immovable property.

Article X.

(1) Remuneration, including pensions, paid by, or on behalf of a Contracting State, a political sub-division thereof or a local authority thereof to any individual for services rendered to that State or sub-division or local authority in the discharge of functions of a public nature shall be exempt from tax in the other Contracting State unless the individual is a national of that State without also being a national of the first-mentioned State.

(2) The provisions of this Article shall not apply to payments in respect of services rendered in connection with any trade or business carried on by a Contracting State, a political sub-division thereof or a local authority thereof for purposes of profit.

Article XI.

(1) Profits or remuneration in respect of professional services (including services as director of a company) or in respect of an employment derived by an individual, who is a resident of a Contracting State, may be taxed in the other Contracting State when the services are performed or the employment is exercised in that other State.

(2) Notwithstanding the provisions of paragraph (1) an individual who is a resident of a Contracting State, shall be exempt from tax in the other Contracting State in respect of profits or remuneration from professional services (including services as director of a company) or services rendered as an employee if:--

(a) he is temporarily present in that other State for a period or periods not exceeding in the aggregate 183 days in the fiscal year concerned,

(b) the services are performed for or on behalf of a resident of the first-mentioned State, and

(c) the profits or remuneration are borne by a resident of the first-mentioned State (but not by a permanent establishment which such resident has in the other State) and are subject to tax therein.

(3) Notwithstanding the provisions of paragraph (2) of this Article, profits or remuneration of public entertainers, such as stage, motion picture, radio or television artists and musicians, and by athletes from their personal activities as such may be taxed in the Contracting State in which these activities are exercised.

(4) Where an individual is in any year domiciled in Ireland and is in that year resident in Pakistan for the purposes of Pakistan tax but not ordinarily resident in Pakistan, the income, profits and gains accruing or arising to him without Pakistan during that year and not received in or brought into Pakistan during that year shall not be included in his income for that year subject to tax in Pakistan unless they are derived from a business controlled, or a profession or vocation set up, in Pakistan.

(5) For the purposes of paragraph (4) of this Article an individual shall be deemed to be not ordinarily resident in Pakistan in any year if--

(a) he has not been resident in Pakistan for the purposes of Pakistan tax in nine out of the ten years preceding that year, or

(b) he has not during the seven years preceding that year been in Pakistan for a period of, or for periods amounting in all to, more than two years.

Article XII.

(1) Any pension (other than a pension to which paragraph (1) of Article X applies) and any annuity, derived from sources within a Contracting State by an individual, who is a resident of the other Contracting State, shall be exempt from tax in the first-mentioned State, provided that a pension or annuity payable from a super-annuation fund approved or recognised under the tax laws of a Contracting State may be taxed in that Contracting State.

(2) The term "pension", as used in this Article, means periodic payments made in consideration of past services or by way of compensation for injuries received.

(3) The term "annuity", as used in this Article, means a stated sum payable periodically at stated times, during life or during a specified or ascertainable

period of time, under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

Article XIII.

A resident of a Contracting State who visits the other Contracting State for a period not exceeding two years, for the purpose of teaching or of carrying out advanced study or research at a university, research institute, college, school or other educational establishment in that other Contracting State shall be exempt from tax in that other Contracting State in respect of any payments which he receives for such activity.

Article XIV.

(1) An individual, who immediately before visiting a Contracting State, is a resident of the other Contracting State and is temporarily present in the first-mentioned State solely as a student at a recognised university, college or school in the first-mentioned State, or as a business apprentice therein, shall be exempt from tax in the first-mentioned State on--

(a) all remittances from the other Contracting State for the purposes of his maintenance, education or training; and

(b) any remuneration for personal services rendered in the first-mentioned State with a view to supplementing the resources available to him for such purposes.

(2) An individual, who immediately before visiting a Contracting State is a resident of the other Contracting State and is temporarily present in the first-mentioned State for a period not exceeding two years for the purpose of study, research or training solely as a recipient of a grant, allowance or award from a scientific, educational, religious or charitable organisation or under a technical assistance programme entered into by one of the Contracting Governments shall be exempt from tax in the first-mentioned State on--

(a) the amount of such grant, allowance or award; and

(b) any remuneration for personal services rendered in the first-mentioned State provided such services are in connection with his study, research or training or are incidental thereto.

(3) An individual, who immediately before visiting a Contracting State, is a resident of the other Contracting State and is temporarily present in the first-mentioned State for a period not exceeding twelve months solely as an employee of, or under contract with, the Government or an enterprise of the other

Contracting State for the purpose of acquiring technical, professional or business experience shall be exempt from tax in the first-mentioned State on--

(a) all remittances from the other Contracting State for the purposes of his maintenance, education or training; and

(b) any remuneration, so far as it is not in excess of 500 pounds sterling or its equivalent sum in Pakistani rupees at the official rate of exchange, for personal services rendered in the first-mentioned State, provided such services are in connection with his studies or training or are incidental thereto.

Article XV.

(1) Subject to the provisions of the law of Ireland regarding the allowance as a credit against Irish tax of tax payable in a territory outside Ireland, Pakistan tax payable under the laws of Pakistan, whether directly or by deduction, in respect of income from sources within Pakistan shall be allowed as a credit against any Irish tax payable in respect of that income.

Where such income is an ordinary dividend paid by a company which is a resident of Pakistan, the credit shall take into account (in addition to any Pakistan tax appropriate to the dividend) the Pakistan tax payable in respect of its profits by the company paying the dividend, and where it is a dividend paid on participating preference shares and representing both a dividend at the fixed rate to which the shares are entitled and an additional participation in profits, the Pakistan tax so payable by the company shall likewise be taken into account insofar as the dividend exceeds that fixed rate.

(2) For the purposes of paragraph (1) of this Article, the term "Pakistan tax payable" shall--

(a) include the agricultural income-tax imposed by the Government of any Province in Pakistan and any tax of substantially similar character imposed after the date of signature of this Convention by the Government of Pakistan or any Province or State in Pakistan or by the Government of any territory to which the present Convention is extended under paragraph (1) of Article XXIII; and

(b) be deemed to include any amount which would have been payable as Pakistan tax for any year but for an exemption granted or a rebate in tax allowed for that year or any part thereof under--

(i) any of the following provisions or statutory rules, that is to say--

(aa) section 15BB of the Pakistan Income Tax Act;

(bb) clauses (xiii) and (xiv) of sub-section (3) of section 4 of the said Act;

(cc) notification SRO 17 (R), dated the 1st July, 1960, under section 60(1) of the said Act; and

(dd) Finance Act, 1968 (No. XI of 1968) (insofar as it relates to incentive rebates in tax in respect of profits from exports, mining and processing, freezing, preserving and canning of food, vegetable, fruit, grain, meat, fish and poultry),

so far as they were in force on, and have not been modified since, the date of the signature of this Convention, or have been modified only in minor respects so as not to affect their general character; or

(ii) any other provisions or statutory rules which may subsequently be made granting an exemption which is agreed by the taxation authorities of the Contracting States to be of a substantially similar character, if it has not been modified thereafter or has been modified only in minor respects so as not to affect its general character.

(3) Subject to the provisions of the Pakistan Income Tax Law regarding the allowance as a credit against Pakistan tax of tax payable in a country outside Pakistan, Irish tax payable, whether directly or by deduction, by a person resident in Pakistan, in respect of income from sources within Ireland (including income accruing or arising in Ireland but deemed, under the provisions of the law of Pakistan, to accrue or arise in Pakistan) shall be allowed as a credit against any Pakistan tax payable in respect of that income.

(4) For the purposes of paragraph (3), "Irish tax payable" shall be deemed to include--

(i) the Irish tax which would have been payable on any profits granted tax incentive exemption or relief in Ireland but for such tax incentive exemption or relief;

(ii) the Irish income tax which would have been deductible from any dividend paid out of profits granted tax incentive exemption or relief in Ireland but for such tax incentive exemption or relief.

For the purposes of the foregoing provisions of this paragraph--

(a) "profits granted tax incentive exemption or relief in Ireland" means profits which were not taken into account for the purposes of Irish tax or

which were exempted or relieved from Irish tax by reason of the provisions of one or more of the enactments set out in (c) below;

(b) "dividend paid out of profits granted tax incentive exemption or relief in Ireland" means a dividend received from a company resident in Ireland and paid out of profits granted tax incentive exemption or relief in Ireland by reason of the provisions of one or more of the enactments set out in (c) below;

(c) (i) The Finance (Profits of Certain Mines) (Temporary Relief from Taxation) Act, 1956 (No. 8 of 1956), as amended;

(ii) Parts II and III of the Finance (Miscellaneous Provisions) Act, 1956 (No. 47 of 1956), as amended;

(iii) Part II of the Finance (Miscellaneous Provisions) Act, 1958 (No. 28 of 1958), as amended; and

(iv) Part XXV of the Income Tax Act, 1967 (No. 6 of 1967), as amended.

(5) Income derived from sources in the United Kingdom by an individual who is resident in Ireland shall be deemed, for the purposes of paragraph (3), to be income from sources in Ireland if such income is not subject to United Kingdom income tax.

(6) Where tax is imposed by both Contracting States on income derived from sources outside both Pakistan and Ireland by a person who is resident in Pakistan for the purposes of Pakistan tax and is also resident in Ireland for the purposes of Irish tax, there shall be allowed against the tax imposed by each Contracting State--on so much of that income as is subjected to tax in both Contracting States--a credit which bears the same proportion to the amount of that tax (as reduced by any credit allowed in respect of tax payable in the country from which the income is derived) or to the amount of the tax imposed by the other Contracting State (reduced as aforesaid), whichever is the less, as the former amount (before any such reduction) bears to the sum of both amounts (before any such reduction).

(7) For the purposes of this Article, profits or remuneration for personal (including professional) services performed in a Contracting State shall be treated as income from sources within that State, and the services of an individual whose services are wholly or mainly performed in ships or aircraft operated by a resident of a Contracting State (other than ships or aircraft operated wholly or mainly between places in the other Contracting State) shall be treated as performed in that State.

Article XVI.

(1) Individuals who are residents of Pakistan shall be entitled to the same personal allowances, reliefs and reductions for the purposes of Irish tax as nationals of Ireland who are not resident in Ireland.

(2) Individuals who are residents of Ireland shall be entitled to the same personal allowances, reliefs and reductions for the purposes of Pakistan tax as those to which nationals of Pakistan who are not resident in Pakistan may be entitled.

Article XVII.

The provisions of the Convention shall not be construed to deny or affect in any manner the right of diplomatic and consular officers to other or additional exemption which may be granted to such officers.

Article XVIII.

(1) The competent authorities of the Contracting States shall, upon request, exchange such information (being information available under the respective taxation laws of the Contracting States) as is necessary for carrying out the provisions of this Convention or for the prevention of fraud or for the administration of statutory provisions against legal avoidance, in relation to the taxes which are the subject of this Convention. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than persons, including a court or other adjudicating authority, concerned with the assessment and collection of the taxes which are the subject of this Convention or the determination of appeals in relation thereto. No information shall, however, be exchanged which would disclose any trade, business, industrial or professional secret or any trade process.

(2) In no case shall the provisions of paragraph (1) be construed so as to impose upon a Contracting State the obligation to carry out administrative measures at variance with the regulations and practice of that Contracting State or which would be contrary to its sovereignty, security or public policy or to supply particulars which are not procurable under the legislation of that and of the other Contracting State.

Article XIX.

(1) Where a resident of a Contracting State shows proof that the action of the tax authorities of the Contracting States has resulted or will result in double taxation contrary to the provisions of this Convention, he shall be entitled to present his case to the State of which he is a resident. Should his claim be deemed worthy of consideration the competent authority of the State to which the

claim is made shall endeavour to come to an agreement with the competent authority of the other State with a view to the avoidance of double taxation.

(2) For the settlement of difficulties or doubts in the interpretation or application of this Convention or in respect of its relation to any Convention of a Contracting State with a third State, the competent authorities of the Contracting States shall endeavour to reach a mutual agreement as quickly as possible.

Article XX.

The competent authorities of the Contracting States may consult together as may be necessary and communicate with each other directly for the purpose of giving effect to the provisions of this Convention.

Article XXI.

The competent authorities of the Contracting States may prescribe regulations necessary to carry out the provisions of this Convention within the respective States.

Article XXII.

(1) The nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected.

(2) Where an enterprise of a Contracting State has a permanent establishment in the other Contracting State, such permanent establishment shall not be subjected in that other Contracting State to any taxation or any requirement connected therewith which is higher or more burdensome than the taxation and connected requirements to which the enterprises of such other Contracting State carrying on the same activities may be subjected.

(3) Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned Contracting State to any taxation or any requirement connected therewith which is other, higher or more burdensome than the taxation and connected requirements to which similar enterprises of that first-mentioned State are or may be subjected.

(4) Nothing contained in this Article shall be construed--

(a) as obliging a Contracting State to grant to persons not resident in that State those personal allowances and reliefs for tax purposes which are by law available to persons who are so resident;

(b) as obliging Ireland to grant to any company other than a company incorporated in Ireland and resident therein for the purposes of income tax, any relief or exemption allowed in accordance with the provisions of:

(i) The Finance (Profits of Certain Mines) (Temporary Relief from Taxation) Act, 1956 (No. 8 of 1956), as subsequently amended, or

(ii) Part II of the Finance (Miscellaneous Provisions) Act, 1956 (No. 47 of 1956), as subsequently amended, or

(iii) Chapter II or Chapter III of Part XXV of the Income Tax Act, 1967 (No. 6 of 1967), as subsequently amended;

(c) as affecting the law of Pakistan relating to the grant of rebate of tax to companies fulfilling specified requirements regarding the declaration and payment of dividends unless these requirements are fulfilled.

(5) The term "taxation", as used in this Article, means the taxes which are mentioned in Article I.

Article XXIII.

(1) This Convention may be extended, either in its entirety or with modifications, to any territory for whose international relations either of the Contracting States is responsible and which imposes taxes substantially similar in character to those which are the subject of the Convention and any such extension shall take effect from such date and subject to such modifications and conditions (including conditions as to termination) as may be specified and agreed to between the Contracting States in notes to be exchanged for this purpose.

(2) The termination of this Convention under Article XXV shall, unless otherwise expressly agreed to by both Contracting States, terminate the application of the Convention to any territory to which it has been extended under this Article.

Article XXIV.

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

(2) The Convention shall come into force on the date on which the instruments of ratification are exchanged and shall thereupon have effect--

(a) In Ireland:

(i) as respects income tax (including sur-tax), for any year of assessment beginning on or after the sixth day of April, 1968;

(ii) as respects corporation profits tax, for any accounting period beginning on or after the first day of April, 1968, and for the unexpired portion of any accounting period current at that date;

(b) In Pakistan:

as respects income-tax and super-tax, for any year of assessment beginning on or after the first day of July, 1968.

Article XXV.

This Convention shall continue in effect indefinitely but either of the Contracting States may, on or before the thirtieth day of June in any calendar year not earlier than the year 1973, give to the other Contracting State written notice of termination and, in such event, the Convention shall cease to be effective--

(a) In Ireland:

(i) as respects income tax (including sur-tax), for any year of assessment beginning on or after the sixth day of April in the calendar year next following that in which the notice is given;

(ii) as respects corporation profits tax, for any accounting period beginning on or after the first day of April in the calendar year next following that in which notice is given and for the unexpired portion of any accounting period current at that date;

(b) In Pakistan:

as respects income-tax and super-tax, for any year of assessment beginning on or after the first day of July in the calendar year next following that in which the notice is given.

In witness whereof the undersigned duly authorised thereto, have signed this Convention and have affixed thereto their seals.

Done at Paris this 13th day of April, 1973, in duplicate, in the English language.

**FOR THE GOVERNMENT OF
PAKISTAN:**

*Sahabzada Yaqub
Khan.*

**FOR THE GOVERNMENT OF
IRELAND:**

Eamon L. Kennedy.