

1994 Income and Capital Tax Convention (English Translation)

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Status: In Force

CONVENTION BETWEEN THE SLOVAK REPUBLIC AND THE RUSSIAN FEDERATION FOR AVOIDANCE OF DOUBLE TAXATION ON INCOME AND CAPITAL

[TRANSLATION]

The Government of the Slovak Republic and the Government of Russian Federation
Guided by their desire to conclude a Convention for avoidance of double taxation on income and capital,

Have agreed on the following:

Article 1 Personal Scope

This Convention shall apply to persons who are persons with permanent residency or a permanent residence in one or both of the Contracting States.

Article 2 Taxes Covered by the Convention

1. This Convention shall apply to taxes on income (profit) and on capital taxed in each of the Contracting States, irrespective of the manner in which they are taxed.
2. There shall be regarded as taxes on income (profit) and on capital all taxes levied on the total amount of income and value of capital or on elements of income, including taxes on gains from the alienation of movable or immovable property.
3. Current taxes to which the Convention shall apply are in particular:
 - a) in the Slovak Republic:
 - (i) nalog s dokhodov fizicheskikh lits (tax on the income of individuals);
 - (ii) nalog s dokhodov yuridicheskikh lits (income tax on legal entities);
 - (iii) nalog na nedvizhimoe imushchestvo predpriyatii (tax on immovable property of enterprises);
 - b) in the Russian Federation - taxes levied in accordance with the Laws of the Russian Federation:
 - (i) "O naloge na pribyl' predpriyatii i organizatsii ("On Tax on Profits of Enterprises and Organizations");
 - (ii) "O podokhodnom naloge s fizicheskikh lits" ("On Income Tax on Individuals");
 - (iii) "O naloge na imushchestvo predpriyatii" ("On Tax on the Capital of Enterprises");
 - (iv) "O naloge na imushchestvo fizicheskikh lits" ("On Tax on the Capital of Individuals") (hereinafter named "Russian taxes");
4. The Convention shall apply also to any identical or substantially similar taxes which are levied after the date of signature of the Convention in addition to, or in place of, existing taxes. The competent authorities of the Contracting States shall notify each other of any substantial changes which have occurred in their tax laws.

Article 3 General Definitions

1. In this Convention, unless the context otherwise requires:
 - (a) the terms "Contracting State" and "other Contracting State" shall signify, depending on the context, the Russian Federation-Russia and the Slovak Republic;
 - (b) the term "Slovak Republic" as used in the geographical sense shall signify its territory, over which the Slovak Republic exercises its sovereignty or rights and jurisdiction in accordance with international law, and within which the tax law of the Slovak Republic applies. The names "Slovak Republic" and "Slovakia" are of identical significance;
 - (c) the term "Russian Federation-Russia" as used in the geographical sense shall signify its territory, including its inland waters and territorial sea, and the air space above them, as well as the continental shelf and the exclusive economic zone, where the Russian Federation possesses sovereign rights and exercises jurisdiction in the manner determined by Russian law and the norms of international law. The names "Russian Federation" and "Russia" are of identical significance;
 - (d) the term "person" shall signify an individual as well as a legal entity and any association of persons created according to the laws of the Contracting States;
 - (e) the term "company" shall signify any body or any association of persons which is treated as a body corporate for tax purposes;

- (f) the term "enterprise of a Contracting State" shall signify any form of entrepreneurial activity effected by a person with permanent residency in that State;
- (g) the term "international traffic" shall signify the transport of passengers and freight by a person with permanent residency in a Contracting State by conveyances belonging to him beyond the borders of that State, but shall not include traffic between points in one and the same Contracting State;
- (h) the term "competent authority" shall signify:
 - (i) in relation to the Slovak Republic, the Minister of Finance of the Slovak Republic, or his authorized representative,
 - (ii) in relation to the Russian Federation, the Ministry of Finance of the Russian Federation, or its authorized representative.

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

Article 4 Persons With Permanent Residency

1. For the purposes of this Convention, the terms "persons with permanent residency in a Contracting State" and "persons with permanent residency in the other Contracting State" shall signify any person who, under the law of that Contracting State, is liable to tax therein by reason of his domicile, permanent residency, place of registration, or other criterion of a similar nature. However, this term shall not include a person who is liable to tax in that Contracting State in respect only of said person deriving income from sources in that State or in relation to capital situated therein.

2. Where by reason of the provisions of paragraph 1 of this article an individual is a person with permanent residency in both Contracting States, his status shall be determined as follows:

(a) he shall be deemed to be a person with permanent residency in the Contracting State in which he has a permanent home; if he has a permanent home in both States, he shall be deemed to be a person with permanent residency in the Contracting State with which his personal and economic relations are the closest (center of vital interests);

(b) if the State in which the person has his center of vital interests cannot be determined, or if the person does not have a permanent home in either State, he shall be deemed to be a person with permanent residency in 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 person with permanent residency in the Contracting State of which he is a citizen;

(d) if each of the States or neither deems the person its citizen, the competent authorities of the Contracting States shall settle the question of taxation of such a resident by mutual agreement.

3. Where by reason of the provisions of paragraph 1 an entity other than an individual has permanent residency in both Contracting States, then it shall be deemed to have permanent residency in the Contracting State in which its place of effective management is situated.

Article 5 Permanent Establishment

1. For the purposes of this Convention, the term "permanent establishment" shall signify a fixed place of activity through which a person with permanent residency in a Contracting State conducts activities wholly or partially in the other Contracting State.

2. The term "permanent establishment" includes especially:

(a) a place of management;

(b) a branch;

(c) an office;

(d) a factory;

(e) a workshop;

(f) a mine, oil or gas well, quarry, or any other place of extraction of natural resources;

3. The term "permanent establishment" shall likewise include a building site, or a construction or assembly project, but only where the duration of its activities is more than 12 months.

4. Notwithstanding the preceding provisions of this article, the following types of activity of a person with permanent residency in a Contracting State shall not be deemed as conducting activities in the other Contracting State through a permanent establishment:

(a) use of facilities solely for the purpose of storage, display or shipping of goods or merchandise belonging to that person;

(b) maintenance of a stock of goods or merchandise belonging to that person solely for the purpose of storage, display, or shipping;

(c) maintenance of a stock of goods or merchandise belonging to that person solely for the purpose of processing by another person;

- (d) maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or of collecting information for that person;
- (e) maintenance of a fixed place of business solely for the purpose of carrying on for that person any other activity of a preparatory or auxiliary character;
- (f) maintenance of a fixed place of business exclusively for implementing any combination of the kinds of activity listed in sub-paragraphs (a) through (e), provided that the combined activity of a fixed place of business arising as a result of such combination has a preparatory or auxiliary character.
5. Notwithstanding the provisions of paragraphs 1 and 2 of this article, where a person is not an agent with independent status to whom the provisions of paragraph 6 of this article apply, but is acting in the name of a person with permanent residency in a Contracting State, and who has and habitually exercises in the other Contracting State the authority to conclude contracts, or who maintains stocks of goods or merchandise belonging to that person, from which the regular delivery of these goods or merchandise is carried out in the name of said person, that person with permanent residency in a Contracting State shall be deemed to have a permanent establishment in the other Contracting State in respect of any activity carried out for that person, unless the activity is limited to those mentioned in paragraph 4 of this article.
6. A person with permanent residency in a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State, if it does business in that other State through a broker, general commission agent, or any other agent with independent status who is acting in the ordinary course of his business. The term "agent with independent status" shall signify, in relation to a person with permanent residency in a Contracting State, a legal entity created under the law of the other Contracting State, in whose management, capital, and control a person with permanent residency in the first-mentioned State does not participate, as well as an entity with permanent residency in the other Contracting State, which does not maintain labor relationships with the person with permanent residency in first-mentioned State.
7. The fact that a person with permanent residency in a Contracting State controls, or is controlled by, a person with permanent residency in the other Contracting State, or which does business in that other State (whether through a permanent establishment or otherwise) shall not of itself constitute either of these persons a permanent establishment of the other person.

Article 6 Income From Immovable Property

1. Income derived by a person with permanent residency in a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.
2. The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. This term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, to which apply the provisions of general law respecting landed property, rights to lifetime use of the immovable property of others, and rights to variable or fixed payments paid in compensation for the working of, or the right to work, mineral deposits, wells and other natural resources. Maritime, river, air, and ground conveyances shall not be regarded as immovable property.
3. The provisions of paragraph 1 of this article shall apply to income derived from the direct use, letting or use of immovable property in any other form.
4. The provisions of paragraphs 1 and 3 of this article shall also apply to income from immovable property used for business activities, or for performance of independent personal services.

Article 7 Profit From Business Activity

1. The profit from business activity derived by a person with permanent residency in a Contracting State shall be taxable only in that State, unless such person carries on business activity in the other Contracting State through a permanent establishment situated therein. If the business activity is done through a permanent establishment, then the profit of the aforesaid person may be taxed in the other State, but only so much of it as is attributable to that permanent establishment.
2. Subject to the provisions of paragraph 3 of this article, where a person with permanent residency in a Contracting State does business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profit which it might be expected to make if it were a distinct and separate person engaged in the same or similar activity under the same or similar conditions, and dealt wholly independently of the person of which it is a permanent establishment.
3. When determining the income (profit) relating to the activities of a permanent establishment, there shall be allowed as deductions documented expenses incurred for the purposes of the activities of that

permanent establishment, including management and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

4. If the practice exists in a Contracting State of determining profits relating to a permanent establishment on the basis of the distribution of the total profit of a person among its various divisions, none of the provisions of paragraph 2 must prevent the Contracting State from determining profit for taxation purposes by means of such distribution; the method for distributing profits for taxation purposes must not contradict the provisions set forth in this article.

5. No profit shall be attributed to a permanent establishment by reason of the mere purchase by it of goods or merchandise for the person of which it is a permanent establishment.

6. For the purpose of applying the provisions of the preceding paragraphs of this article, profit from business activities pertaining to a permanent establishment shall be determined by the same method year by year, unless there is good and sufficient reason to change it.

7. Where profit from business activities includes types of income which are dealt with separately in other articles of this Convention, the provisions of those articles shall not be affected by the provisions of this article.

Article 8 Income From International Traffic

1. Income derived by a person with permanent residency in a Contracting State from the use of conveyances in international traffic shall be taxable only in that State.

2. If the actual supervisory authority of a maritime transport company is situated on board a maritime vessel, it shall be deemed to be situated in that Contracting State in which the port of registry is located or, when such port of registry is absent, in that Contracting State in which the person operating the maritime vessel is a person with permanent residency.

3. For the purposes of this Convention, income from international traffic shall include both income from the direct use, letting or use in any other form of conveyances, and income from the use, maintenance or letting of containers, trailers and other equipment associated with international traffic.

4. The provisions of paragraphs 1, 2, and 3 of this article shall also apply to income derived by a person with permanent residency in a Contracting State from his participation in a pool, a joint venture, or an international organization operating such conveyances.

Article 9 Adjustment of Taxable Profit

1. Where:

(a) a person with permanent residency in a Contracting State participates directly or indirectly in the management, control or capital of a person with permanent residency in the other Contracting State, or

(b) the same persons participate directly or indirectly in the management, control or capital of a person with permanent residency in a Contracting State and of any person with permanent residency in the other Contracting State,

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

2. Where a Contracting State includes in a person's income, and taxes such income accordingly, and then, in accordance with clause 1 of this article, it is included by the other Contracting State in the income of another person, then the first State may make an appropriate adjustment to the amount of tax charged to the first person. In determining such an adjustment, other provisions of this Convention must be taken into account, and the competent authorities of the Contracting States will consult each other when necessary.

Article 10 Dividends

1. Dividends paid by a person with permanent residency in a Contracting State to a person with permanent residency in the other Contracting State may be taxed in that other State.

2. However, such dividends may also be taxed in the Contracting State of which the person paying the dividends has permanent residency and according to the law of that State, but if the recipient is the beneficial owner of such dividends, then the tax levied shall not exceed 10 percent of the gross amount of the dividends.

The provisions of this paragraph shall not affect taxation in respect to profits from which dividends are paid.

3. The term "dividends" as used in this article shall signify income from shares or other rights, not being debt-claims, which grant the right to participate in profits, as well as income from other

corporate rights which is subjected to the same tax treatment as income from shares in accordance with the law of the State of which the person distributing the profit has permanent residency.

4. The provisions of paragraphs 1 and 2 of this article shall not apply, if the person who is the beneficial owner of dividends, being a person with permanent residency in a Contracting State, does business in the other Contracting State, in which the person paying the dividends has permanent residency, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the dividends are effectively connected with such permanent establishment or fixed base. In such case the provisions of article 7 or article 14 of this Convention shall apply, as required by circumstances.

5. Where a person with permanent residency in a Contracting State derives profit or income from the other Contracting State, that other State may not levy any tax on dividends paid-except in so far as such dividends are paid to a person with permanent residency in that other State, or in so far as participation, in respect of which dividends are paid, is effectively connected with a permanent establishment or a fixed base-and may not levy tax on undistributed profit, even if dividends are paid, or the undistributed profit consists wholly or partially of profit or income formed in that other State.

Article 11 Interest

1. Interest arising in a Contracting State and paid to a person with permanent residency in the other Contracting State may be taxed in that other State, if the person is the beneficial owner of such interest.

2. The term "interest" as used in this article shall signify income from debt-claims of every kind-in particular, income from government securities and income from bonds or debentures, including premiums and prizes attached to such securities, bonds or debentures. Fines for overdue payments shall not be deemed to be interest within the framework of this article.

3. The provisions of paragraphs 1 and 2 shall not apply, if a person who is the beneficial owner of interest, being a permanent resident in a Contracting State, does business in the other Contracting State in which the interest arises through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such cases the provisions of article 7 or article 14 of this Convention shall apply, as required by circumstances.

4. Where by reason of a special relationship between the payer and the beneficial owner of interest, or between both of them and some other person, the amount of interest paid in respect to the debt-claim for which the interest is paid exceeds the amount which would have been agreed upon by the payer and the beneficial owner of it 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 payment may be taxable according to the law of each Contracting State, due regard being given to the other provisions of this Convention.

Article 12 Income From Copyrights and Licenses

1. Income from copyrights and licenses arising in a Contracting State and paid to a person with permanent residency in the other Contracting State may be taxed in that other State, if such person is the beneficial owner of such income.

2. However, such income may also be taxed in the Contracting State in which they arise in accordance with the law of that State, but if such person is the beneficial owner of such income, the tax so levied may not exceed 10 percent of the gross amount of income from copyrights and licenses.

3. The term "income from copyrights and licenses" as used in this article shall signify payments of any kind received as a consideration for the use of, or the right to use, any copyrights of scientific, literary, or artistic work (including cinematographic films, recordings used for radio or television broadcasting, and video cassettes), any patents, trade marks, designs or models, software, secret formulas or processes, or for the use of, or the right to use, industrial, commercial, or scientific equipment, or for information concerning industrial, commercial or scientific practice.

4. The provisions of paragraph 1 of this article shall not apply, if the beneficial owner of income from copyrights and licenses, being a person with permanent residency in a Contracting State, does business in the other Contracting State in which the income from copyrights and licenses arises 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 capital in respect of which such income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of article 7 or article 14 of this Convention shall apply, as required by circumstances.

5. Where by reason of a special relationship between the payer and the beneficial owner of income, or between both of them and some other person, the amount of income paid for copyrights and licenses exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such a relationship, the provisions of this article shall apply only to the last-mentioned amount. In such case, the excess part of the payment may be taxable according to the law of each Contracting State, due regard being given to the other provisions of this Convention.

Article 13 Income From Alienation of Property

1. Income derived by a person with permanent residency in a Contracting State from the alienation of immovable property situated in the other Contracting State may be taxed in that other Contracting State.

2. Income derived by a person with permanent residency in a Contracting State from the alienation of movable property forming part of the commercial property of his permanent establishment in the other Contracting State, or forming part of movable property pertaining to a fixed base available to that person for the purposes of conducting independent personal activities, including also income from the alienation of such permanent establishment (separately or together with the person that created it), or of such fixed base, may be taxed in that other Contracting State.

3. Income derived from the alienation of conveyances used in international traffic by a person with permanent residency in a Contracting State, or from movable property pertaining to the operation of such conveyances, shall be taxable only in the State in which the person alienating the property has permanent residency.

4. Income derived from the alienation of any property other than that referred to in paragraphs 1, 2, and 3 of this article shall be taxable only in the Contracting State in which the person alienating the property has permanent residency.

Article 14 Income From Independent Personal Services

1. Income derived by a person with permanent residency in a Contracting State from performance of professional services or other activity of an independent character not associated with employment may be taxable only in the other Contracting State only if:

(a) this person has a fixed base at his disposal in that other State which he uses for the purpose of performing his work, and the income pertains to that fixed base;

or

(b) income is paid from sources in that other State.

2. The term "professional services" shall include especially artistic, scientific, athletic, literary, educational or teaching activity independent of any employment, as well as the independent activity of physicians, lawyers, engineers, architects, dentists, auditors, and accountants.

Article 15 Income From Employment

1. With due regard given to the provisions of Articles 16, 18, 19, and 20 of this Convention, wages and other similar remuneration derived by a person with permanent residency in a Contracting State in respect of an employment shall be taxable only in that State. However, if the employment is exercised in the other Contracting State, such remuneration as is derived therefrom may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1 of this article, remuneration derived by a person with permanent residency in a Contracting State in respect of employment exercised in the other Contracting State shall be taxable only in the first-mentioned State, provided the following conditions are observed:

(a) the recipient works in the other Contracting State for a period or periods not exceeding in the aggregate 183 days over a period of any 12 uninterrupted months of the current fiscal year or two successive taxable years;

(b) remuneration is paid by an employer who is not a person with permanent residency in the other State; and

(c) the expenses involved in paying such remuneration are not borne by a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the preceding provisions of this article:

(a) remuneration paid to a person with permanent residency in a Contracting State, in respect of employment exercised aboard conveyances used in international traffic, may be taxed only in that State, with the exception of cases in which remuneration is paid to a person with permanent residency in the other Contracting State;

(b) remuneration paid to a person with permanent residency in a Contracting State in respect of employment connected with a place of activity in the other Contracting State, which is not deemed to

be a permanent establishment according to clause 3 of article 5 of this Convention, shall be taxable only in the first Contracting State.

Article 16 Directors' Fees

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

Article 17 Income of Entertainers and Athletes

1. Notwithstanding the provisions of articles 14 and 15 of this Convention, income derived by a person with permanent residency in a Contracting State as an entertainer-such as a theater, motion picture, radio or television performing artist, or a musician-or as an athlete, from his personal activity exercised in the other Contracting State, may be taxed in that other State.

2. Where income in respect of personal activity exercised by an entertainer or an athlete in his capacity as such accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of articles 7, 14 and 15 of this Convention, be taxed in the Contracting State in which such activity is performed.

Article 18 Pensions

Pensions and other similar remuneration of any kind, paid from sources in a Contracting State, may be taxable only in that State.

Article 19 Remuneration of Government Employees

1. Wages and other similar remuneration, other than pensions, paid by organs of State authority and administration created by a Contracting State to an individual for services rendered of a governmental character shall be taxable only in that State.

However, such wages and other similar remuneration may be taxable only in the other Contracting State, if the service is rendered in that other State and the individual who has permanent residency in that other State:

(a) is a citizen of that State; or

(b) did not become a person with permanent residency in that State solely for the purpose of rendering such service.

2. The provisions of paragraph 1 of this article shall not apply to remuneration in respect to services rendered in connection with the exercise of business activity in a Contracting State by the above-mentioned organs. In that case the provisions of articles 15 and 16 of the present convention shall apply.

Article 20 Income of Students, Trainees, Teachers and Scholars

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

2. Similarly, remuneration derived by a teacher or scholar who is or was immediately before visiting a Contracting State a person with permanent residency in the other Contracting State, and who is present in the first-mentioned State primarily for the purpose of teaching or research-shall be exempt from payment of taxes in that State for a period of two years in respect of remuneration for such teaching or research, provided that such payments arise from sources outside that State.

Article 21 Other Income

1. Types of income of a person with permanent residency in a Contracting State, irrespective of their source, not dealt with in the preceding articles of this Convention shall be taxable in that State.

2. The provisions of paragraph 1 shall not apply, if the recipient of such income is a person with permanent residency in a Contracting State, and does business in the other Contracting State through a permanent establishment situated therein-or performs in that other State independent personal services through a fixed base situated therein-and the right or property in connection with which the income was derived is effectively connected with such permanent establishment or such fixed base. In this case the provisions of article 7 or article 14 of this Convention shall apply, as required by circumstances.

Article 22 Capital

1. Capital represented by immovable property, which is owned by a person with permanent residency in a Contracting State and situated in the other Contracting State, may be taxed in that other State.

2. Capital which is represented by movable property forming part of the commercial property of a permanent establishment which a person with permanent residency in a Contracting State has in the other Contracting State, or which is represented by movable property pertaining to a fixed base available to a person with permanent residency in a Contracting State in the other Contracting State for purposes of conducting independent personal activity, may be taxed in that other State.
3. Capital which is represented by conveyances used by a person with permanent residency in a Contracting State for international traffic, and movable property pertaining to the operation of such conveyances, shall be taxable only in that State.
4. All other kinds of capital of a person with permanent residency in a Contracting State shall be taxable only in that State.

Article 23 Elimination of Double Taxation

1. In relation to the Slovak Republic, double taxation shall be eliminated in the following manner: when persons with permanent residency in the Slovak Republic are taxed, the Slovak Republic may include income in the tax base which, in accordance with the provisions of this Convention, may also be taxed in the Russian Federation, but in this case, a reduction in the amount paid in the Russian Federation will be allowed. Such a reduction, however, will not exceed that part of the Slovak tax (charged before receipt of the reduction) which pertains to the income that, in accordance with the present Convention, is taxable in the Russian Federation.
2. In relation to the Russian Federation, double taxation shall be eliminated in the following manner: if a person with permanent residency in the Russian Federation derives income or owns capital that, in accordance with the present Convention, may be taxable in the Slovak Republic, the amount of tax paid in the Slovak Republic on such income or capital will be deducted from the tax levied on such person in the Russian Federation. Such a deduction, however, may not exceed the amount of tax charged on such income or capital in accordance with the law and regulations of the Russian Federation.

Article 24 Non-Discrimination in Taxation

1. Persons with permanent residency or an habitual abode in a Contracting State will not be subjected in the other Contracting State to any taxation, or any requirement connected therewith, which is more burdensome than taxation and associated requirements to which persons with permanent residency or an habitual abode in that other State in the same circumstances are or may be subjected. This provision must not be construed as obliging a Contracting State to grant to persons with permanent residency or an habitual abode in the other Contracting State any personal allowances, relief or reductions for taxation purposes, which it grants to persons with permanent residency or an habitual abode in the first mentioned State.
2. Taxation of income and profits that a person with permanent residency or an habitual abode in a Contracting State derives through a permanent establishment in the other Contracting State, or through the capital of such permanent establishment, will not be less favorable in that other State than taxation levied on income, profits, and capital of persons with permanent residency or an habitual abode in the other Contracting State carrying on like activity under the same conditions.
3. The provisions of this article must not be construed as obliging a Contracting State to grant to persons with permanent residency in the other Contracting State tax allowances that are granted by the first mentioned State to persons with permanent residency in third states by virtue of tax treaties with them.
4. The provisions of this article shall apply to the taxes that are the subject of the present Convention.

Article 25 Mutual Agreement Procedure

1. Where a person of a Contracting State considers that the actions of one or both of the Contracting States have resulted 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 laws of those States, present his case in writing to the competent authority of the Contracting State in which he is a person with permanent residency for consideration, setting forth the grounds for review of the decision concerning taxation. The application may be reviewed, if it is submitted within two years of the first notification of the action which resulted in taxation not in accordance with the provisions of this Convention.
2. The competent authority referred to in paragraph 1 of this article shall endeavor, if it deems the application to be justified or if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with this Convention. Any agreement reached shall be implemented irrespective of any time-limits in the domestic laws of the Contracting States.

3. The competent authorities of the Contracting States shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of this Convention. They may also consult together for the elimination of double taxation in cases not provided for in this Convention.

4. The competent authorities of the Contracting States may establish direct contact with one another with the aim of applying the provisions of this Convention.

Article 26 Exchange of Information

1. The competent authorities of the Contracting States shall exchange only such information as is necessary to carry out the provisions of this Convention, or to clarify the provisions of the domestic laws of the Contracting States concerning taxes covered by the Convention. The exchange of information shall not be restricted by article 1. Any information received by a Contracting State shall be considered confidential, the same as information obtained under the domestic laws of that State, and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment or collection, enforced collection, or execution of judgments in respect of taxes covered by this Convention. Such persons or authorities will use the information only for such purposes. They may disclose this information in the course of public court proceedings, or while adopting judicial decisions.

2. Nothing in paragraph 1 of this article may be construed so as to impose on the competent authorities of a Contracting State the obligation:

(a) to carry out administrative measures at variance with the laws or administrative practice of either Contracting State;

(b) to supply information which ought not be obtained under the law, or in the course of usual administrative practice of either Contracting State;

(c) to supply information which would disclose any trade, business, or industrial secret or trade process, or information, the disclosure of which would be contrary to state interests.

3. If the competent authority of a Contracting State in accordance with this article conducts an inquiry, the competent authority of the other Contracting State will attempt to obtain the required information, as if this concerned a person with permanence residence in this other State, even if this other State does not need such information. At the request of the competent authority of a Contracting State, the competent authority of the other Contracting State will attempt to make available the necessary information and particularly such information such as testimony and copies of document originals (including books, documents, applications, records and accounts) in the amount and form of testimony and documents which can be obtained according to the laws and administrative practice of that other State in respect of its own taxes.

Article 27 Other Tax Privileges

No provisions of this Convention shall affect the tax privileges of persons for whom they were established under the general rules of international law or in accordance with the provisions of special treaties.

Article 28 Entry Into Force

1. This Convention shall be subject to ratification, and the exchange of ratifying documents shall take place in the shortest possible time.

2. This Convention shall enter into force on the first day of the month following that in which the exchange of ratifying documents is completed, and its provisions shall have effect:

(a) with respect to taxes levied at the source, on income transferred or paid from or after January first of the calendar year following the year in which the Convention enters into force;

(b) with respect to other taxes, for taxable periods from or after January first of the calendar year following the year in which the Convention enters into force.

3. From the moment this Convention shall enter into force, the provisions of the Convention between the People's Republic of Bulgaria, the Bulgarian People's Republic, the German Democratic Republic, the Mongolian People's Republic, the Polish People's Republic, the Socialist Republic of Romania, the Union of Soviet Socialist Republics, and the Czechoslovak Socialist Republic on elimination of double taxation on income and capital of individuals dated May 27, 1977, and the provisions of the Convention between the People's Republic of Bulgaria, the Bulgarian People's Republic, the German Democratic Republic, the Mongolian People's Republic, the Polish People's Republic, the Union of Soviet Socialist Republics, and the Czechoslovak Socialist Republic on elimination of double taxation on income and capital of legal entities dated May 19, 1978, will not be applied to relations between the Russian Federation and the Slovak Republic.

Article 29 Termination

This Convention shall remain in force until a Contracting State shall denounce it. Either Contracting State may denounce the Convention through diplomatic channels by giving written notice of such denunciation at least 6 months before the end of any calendar year, after expiration of a five-year period following the day that the Convention entered into force. In such case, the Convention shall terminate its action:

- a) with respect to taxes levied at the source, for amounts paid or charged from or after January first of the calendar year following the year of such denunciation;
- b) with respect to other taxes, for tax periods from or after January first of the calendar year following the year of such denunciation.

Done in two copies in Moscow on June 24, 1994, in the Slovak and Russian languages, both texts being equally authentic.

FOR THE GOVERNMENT OF THE SLOVAK REPUBLIC:

FOR THE GOVERNMENT OF THE RUSSIAN FEDERATION: