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ΤΗΣ ΕΠΙΣΗΜΗΣ ΕΦΗΜΕΡΙΔΑΣ ΤΗΣ ΔΗΜΟΚΡΑΤΙΑΣ
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ΔΙΕΘΝΕΙΣ ΣΥΜΦΩΝΙΕΣ—ΑΡΘΡΟ 169.1 ΤΟΥ ΣΥΝΤΑΓΜΑΤΟΣ

Αριθμός 5

Η Συμφωνία μεταξύ της Κυβέρνησης της Δημοκρατίας της Κύπρου και της Κυβέρνησης της Αραβικής Δημοκρατίας της Αιγύπτου για την Αποφυγή της Διπλής Φορολογίας και την παρεμπόδιση της φοροδιαφυγής αναφορικά με τους φόρους πάνω στο εισόδημα που σύμφωνα με το Άρθρο 169.1 του Συντάγματος συνομολογήθηκε και υπογράφηκε στις 22.10.1993 ύστερα από Απόφαση του Υπουργικού Συμβουλίου με αρ. 36.018 και ημερομηνία 29.8.1991, δημοσιεύεται στην Επίσημη Εφημερίδα της Δημοκρατίας σύμφωνα με τις διατάξεις του Άρθρου 169.3 του Συντάγματος, μαζί με μετάφραση στην Αγγλική και την Αραβική.

C O N V E N T I O N

Between

THE GOVERNMENT OF THE REPUBLIC OF CYPRUS

And

THE GOVERNMENT OF THE ARAB
REPUBLIC OF EGYPT

For

THE AVOIDANCE OF DOUBLE TAXATION
AND THE PREVENTION OF FISCAL EVASION
WITH RESPECT TO TAXES ON INCOME

The Government of the Republic of Cyprus and the Government of the Arab Republic of Egypt 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:

CHAPTER I

Scope of the Convention

Article I

Personal Scope

This Convention shall apply to persons who are residents of one or both of the Contracting States.

Article 2

Taxes Covered

- 1- This Convention shall apply to taxes on income imposed on behalf of a Contracting State or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.
- 2- There shall be regarded as taxes on income, all taxes imposed on total income, or on elements of income including taxes on gains from the alienation of movable or immovable property, taxes on the total amount of wages or salaries paid by enterprises.
- 3- The existing taxes to which this Convention shall apply are in particular:
 - (a) in the case of the Arab Republic of Egypt:
 - (i) tax on income derived from immovable property (including the land tax, the building tax, and the Ghaffir tax);
 - (ii) tax on income from movable capital;

- (iii) tax on commercial and industrial profits;
- (iv) tax on wages, salaries, remuneration and annuities;
- (v) tax on profits from liberal professions and all other non-commercial professions;
- (vi) general income tax;
- (vii) corporation profits tax;
- (viii) supplementary taxes imposed as percentage of taxes mentioned above or otherwise,

(hereinafter referred to as Egyptian tax).

(b) In the case of Cyprus:

- (i) the income tax;
- (ii) the corporate income tax;
- (iii) the special contribution;
- (iv) the Capital Gains tax;
- (v) the immovable property tax.
(hereinafter referred to as Cyprus tax)

4- This convention shall also apply to any identical or substantially similar taxes which are imposed after the date of signature of this convention in addition to, or in place of the existing taxes. The competent authorities of the Contracting States shall notify each other of substantial changes which have been made in their respective taxation laws.

CHAPTER II.D e f i n i t i o n sArticle 3General Definitions

1- For the purposes of this Convention, unless the Context otherwise requires:

a) (i) the term "Cyprus" means the Republic of Cyprus and, when used in a geographical sense, includes the national territory, the territorial sea of Cyprus as well as other maritime areas over which Cyprus in accordance with international law exercises sovereign rights or jurisdiction;

(ii) the term "Egypt" means the Arab Republic of Egypt, and when used in a geographical sense, the term "Egypt" includes:

(a) The Egyptian territory

(b) the territorial seas thereof, and

(c) the seabed and subsoil of the submarine areas adjacent to the coast thereof, but beyond the territorial sea, over which Egypt exercises sovereign rights, in accordance with international law for the purpose of exploration or the exploitation of the natural resources of such area, but only to the extent that the person, property or activity to which the Convention

is being applied is connected with such exploration or exploitation;

- b) the terms "a Contracting State" and "the other Contracting State" mean Egypt or Cyprus as the context requires;
- c) the term "person" includes an individual, a company and any other body of persons;
- d) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;
- e) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
- f) the term "tax" means Cyprus tax or Egyptian tax as the context requires;
- 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 a Contracting State except when the ship or aircraft is operated solely between places in the other Contracting State;
- h) the term "competent authority" means:
 - (i) in the case of Egypt, the Minister of Finance or his authorised representative;
 - (ii) in the case of Cyprus, the Minister of Finance or his authorised representative;

- j) the term "national" means:
- (i) any individual possessing the nationality of a Contracting State;
 - (ii) any legal person, partnership and association deriving its status as such from the laws in force in a Contracting State.
- 2- As regards the application of the convention by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the law of that State concerning the taxes to which the Convention applies.

Article 4

R e s i d e n t

- 1- For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature.
- 2- Where by reason of the provisions of paragraph I an individual is a resident of both contracting States, then his status shall be determined as follows:
- a) he shall be deemed to be a resident of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident of the State with which his personal and economic relations are closer (centre of vital interest);

- b) if the State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident of the State in which he has an habitual abode;
 - c) if he has an habitual abode in both States or in neither of them he shall be deemed to be a resident of the State of which he is a national;
 - d) if he is a national of both States or neither of the competent authorities of the Contracting States shall settle the question by mutual agreement.
- 3- Where by reason of the provisions of paragraph I, a company is a resident of both Contracting States, then its status shall be determined as follows:
- a) it shall be deemed to be a resident of the State of which it is a national;
 - b) if it is a national of neither of the States, it shall be deemed to be a resident of the State in which its place of effective management is situated.
- 4- Where by reason of the provisions of paragraph I a person other than an individual or a Company is a resident of both Contracting States, the competent authorities of the Contracting States shall by mutual agreement endeavour to settle the question and to determine the mode of application of the Convention to such person.

Article 5

Permanent Establishment

- 1- For the purpose 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) premises used as sales outlets;
 - d) an office;
 - e) a factory;
 - f) a workshop;
 - g) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources;
 - h) a farm or a plantation.
- 3- The term "permanent establishment" likewise encompasses:
- a) 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;
 - b) the furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose, but only where activities of that nature continue (for the same or a connected project) for a period or periods aggregating more than six months within any 12-month period.
- 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 or display 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 or display;
 - 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 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 any combination of activities mentioned in subparagraphs a) to e), provided that the overall activity of the fixed place of business resulting from this combination is of a 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 7 applies - is acting in a Contracting State on behalf of an enterprise of the other Contracting State, that enterprise shall be deemed to have a permanent establishment in the first-mentioned Contracting State in respect of any activities which that person undertakes for the enterprise, if such a person -

- a) has and habitually exercises in that State an authority to conclude contracts in the name of 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; or
 - b) has no such authority, but habitually maintains in the first-mentioned State a stock of goods or merchandise from which he regularly delivers goods or merchandise on behalf of the enterprise.
- 6- Notwithstanding the preceding provisions of this Article, an insurance enterprise of a Contracting State shall, except in regard to re-insurance, be deemed to have a permanent establishment in the other Contracting 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 7 applies.
- 7- 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 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. However, when the activities of such an agent are devoted wholly or almost wholly on behalf of that enterprise, he will not be considered an agent of an independent status within the meaning of this paragraph.
- 8- The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise) shall not of itself constitute either company a permanent establishment of the other.

CHAPTER IIITaxation of incomeArticle 6Income from immovable property

- 1- Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.
- 2- The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships and aircrafts shall not be regarded as immovable property.
- 3- The provisions of paragraph 1 shall also apply to income derived from the direct use, letting 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 7Business Profits

- 1- The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through

a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other state but only so much of them as is attributable to that permanent establishment.

- 2- Subject to the provisions of paragraph 3, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting 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 the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the business 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 the determination of 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 a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the method of an 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 provision of this Article.

Article 8

Shipping and air transport

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

- 2- If the place of effective management of a shipping enterprise is aboard a ship, then it shall be deemed to be situated in the Contracting State in which the home harbour of the ship is situated, or, if there is no such home harbour, in the Contracting State of which the operator of the ship is a resident.
- 3- The provisions of paragraph I shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

Article 9

Associated enterprises

Where

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

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

Article 10D i v i d e n d s

- 1- Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.
- 2- However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed fifteen per cent of the gross amount of the dividends in all cases.

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

- 3- The term "dividends" as used in this Article means income from shares, "jouissance" shares or "jouissance rights", mining shares, founders shares or other rights, not being debt claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.
- 4- The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State, of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base 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.

- 5- Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except 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

I n t e r e s t

- 1- Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.
- 2- However, such interest may also be taxed in the Contracting State in which it arises 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 fifteen percent of the gross amount of the interest.
- 3- The term "interest" as used in this article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures.

- 4- The provisions of paragraph 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on 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, as the case may be, shall apply.

- 5- Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment 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.

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

Article 12R o y a l t i e s

- 1- Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.
- 2- However, such royalties may also be taxed in the Contracting 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 ten 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 cinematograph films, or films or tapes used for radio or television broadcasting, 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, or for information concerning industrial commercial or scientific experience.
- 4- The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base.

In such cases the provisions of article 7 or article 14 as the case may be, shall apply.

- 5- Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base then such royalties shall be deemed to arise in the State in which the permanent establishment or fixed base 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, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payment shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

Article 13

Capital gains

- 1- Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in that other State.
- 2- Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting

State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such 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 Contracting State in which the place of effective management of the enterprise is situated.
- 4- Gains from the alienation of shares of the capital stock of a company the property of which consists directly or indirectly principally of immovable property situated in a Contracting State may be taxed in that State.
- 5- Gains from the alienation of any property other than that referred to in the preceding paragraphs may be taxed in the contracting State where the income arises.

Article 14

Independent personal services

- 1- Income derived by a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that State except in the following circumstances, when such income may also be taxed in the other Contracting State:
 - a) if he has a fixed base regularly available to him in the other Contracting 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 Contracting State; or

b) if his stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate ninety days within any period of twelve months; in that case, only as 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 a Contracting State in respect of an employment shall be taxable only in that state unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

2- Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if -

a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days within any period of twelve months; and

b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State; and

c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

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

Article 16

Directors fees and remuneration of top-level managerial officials

- 1- Directors' fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other State.
- 2- Salaries, wages and other similar remuneration derived by a resident of a Contracting State in his capacity as an official in a top-level managerial position of a company which is a resident of the other Contracting State may be taxed in that other State.

Article 17

Income earned by entertainers and athletes

- 1- Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as an entertainer such as a theatre, motion picture, radio or

television artiste or a musician or as an athlete, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State.

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

Article 18

Pensions and Annuities

- 1- Pensions and annuities arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in both Contracting States.
- 2- The term "annuities" 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 19

Government Service

- 1- Remuneration other than a pension paid by, or out of funds created by a Contracting 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.

- 2- However, such remuneration shall be taxable only in the other Contracting 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.
- 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 a Contracting State or a political subdivision or a local authority thereof.

Article 20

Payments received by students
and apprentices

A resident of one of the Contracting States who is temporarily present in the other Contracting State solely -

- (a) as a student at a university, college or school in the latter Contracting State;
- (b) as a business or technical apprentice; or
- (c) as the recipient of a grant, allowance, or award for the primary purpose of study or research from a religious, charitable, scientific or educational organization;

shall not be taxed in the other Contracting State in respect of a scholarship grant. The same shall apply to any amount representing remuneration for services rendered in that other State,

provided that such services are in connection with his studies or training or are necessary for the purpose of his maintenance.

Article 21

Professors, teachers and researchers

- 1- A resident of one of the Contracting States who, at the invitation of a university, college or other establishment for higher education or scientific research in the other Contracting State, visits that other State solely for the purpose of teaching or scientific research at such institution for a period not exceeding two years shall not be taxed in that other State on his remuneration for such teaching or research.
- 2- The provisions of paragraph 1 shall not apply to remuneration derived in respect of research undertaken not in the public interest but primarily for the private benefit of a specific person or persons.

Article 22

Other Income

- 1- Subject to the provisions of paragraph 2, items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing articles of this Convention shall be taxable only in that State.
- 2- However, if such income is derived by a resident of a Contracting State from sources in the other Contracting State, such income may also be taxed in the State in which it arises, and according to the law of that State.

CHAPTER IVArticle 23Methods for the Elimination of Double Taxation

- 1- Where a resident of a Contracting State derives income which, in accordance with the provisions of this Convention may be taxed in the other Contracting State, the first mentioned State shall allow as a deduction from the tax on the income of that resident an amount equal to the income tax paid in that other State. Such deduction shall not, however, exceed that part of the income tax as computed before the deduction is given, which is attributable, as the case may be, to the income which may be taxed in that other State.
- 2- Where in accordance with any provision of this Convention income derived by a resident of a Contracting State is exempt from tax in that State, such State may nevertheless, in calculating the amount of tax on the remaining income of such resident, take into account the exempted income.
- 3- For the purposes of deduction from the tax on income in a Contracting State, the tax paid in the other Contracting State, shall be deemed to include the tax which is otherwise payable in that other Contracting State, but has been reduced or waived by that Contracting State under its legal provisions for tax incentives.

CHAPTER VSpecial ProvisionsArticle 24Non - Discrimination

- 1- Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any

requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected. This provision shall, notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the Contracting States.

- 2- Stateless persons who are residents of a Contracting State shall not be subjected in either Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of the State concerned in the same circumstances are or may be subjected.
- 3- The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably 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 a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

- 4- Except where the provisions of paragraph I of Article 9, paragraph 6 of Article 11, or paragraph 6 of Article 12 apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting 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.

- 5- Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.
- 6- The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes covered by this Convention.

Article 25

Mutual Agreement Procedure

- 1- Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention he may, irrespective of the remedies provided by the domestic laws of those States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 24, to that of the Contracting 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 this Convention.
- 2- The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with this Convention.

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

- 4- A Contracting State shall not, after the expiry of the time limits provided in its national laws and, in any case, after five years from the end of the taxable period in which the income connected has accrued, increase the tax base of a resident of either of the Contracting States by including therein items of income which have also been charged to tax in the other Contracting State. This paragraph shall not apply in the case of fraud, wilful default or neglect.

Article 26

Exchange of Information

- 1- The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the Contracting States concerning taxes covered by this Convention, in so far as the taxation thereunder is not contrary to this Convention in particular for the prevention of fraud or evasion of such taxes. The exchange of information is not restricted by article 1. Any information received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State. However, if the information is originally regarded as secret in the transmitting State it shall be disclosed only to persons or authorities (including Courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes which are the subject of

the Convention. Such persons or authorities shall use the information only for such purposes but may disclose the information in public court proceedings or in judicial decisions.

- 2- In no case shall the provisions of paragraph 1 be construed so as to impose on a Contracting State the obligation -
- a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;
 - b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;
 - c) to supply information which would disclose any trade business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy (ordre public) .

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

Miscellaneous Rules

- 1- The provisions of this Convention shall not be construed to restrict in any manner any exclusion, exemption,

deduction, credit, or other allowance now or hereafter accorded:

- (a) by the laws of a Contracting State in the determination of the tax imposed by that State, or
- (b) by any other agreement entered into by a Contracting State.

- 2- Nothing in this Convention shall be construed as preventing the application of the provisions of the domestic law of each Contracting State concerning the taxation of income of persons in respect of their participation in non-resident companies or concerning fiscal evasion.
- 3- The competent authorities of the Contracting States may communicate with each other directly for the purpose of applying this Convention. When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take place through a Commission consisting of representatives of the competent authorities of the Contracting States.

CHAPTER VI

Final Provisions

Article 29

Entry Into Force

- 1- This Convention shall be ratified and the instruments of ratification shall be exchanged at ~~Algiers~~.....
- 2- The Convention shall enter into force upon the exchange of instruments of ratification and its provisions shall have effect for the first time:

- (a) in respect of tax withheld, at the source on amounts paid or credited on or after the first day of January in the calendar year following that in which the exchange of instruments of ratification takes place; and
- (b) in respect of other taxes for taxation years beginning on or after the first day of January in the calendar year following that in which the exchange of instruments of ratification takes place.

Article 30

Termination

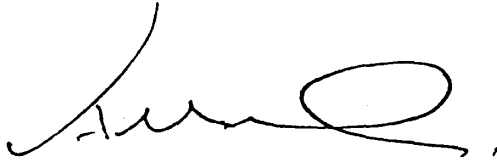
This Convention shall remain in force until terminated by one of the Contracting States. Either Contracting State may, on or before, June 30 in any calendar year after the year of the exchange of instruments of ratification, give to the other Contracting State a notice of termination in "writing" through Diplomatic Channels; in such event, the Convention shall Cease to have effect:

- a) in respect of tax withheld at the source on amounts paid or credited on or after the first day of January in the calendar year following that in which the notice is given; and
- b) in respect of other taxes for taxation years beginning on or after the first day of January in the calendar year following that in which the notice is given.

In WITNESS WHEREOF THE undersigned, duly authorized to that effect, have signed this Convention.

Done in duplicate at Cairo this 19th December 1993 in the English and Arabic languages, each version being equally authentic and in case of divergence in interpretation the English text shall prevail.

For the Government of the
Republic of Cyprus:



Alecos Michaelides
Minister of Foreign Affairs

For the Government of the Arab
Republic of Egypt:



Amre Mousa
Minister of Foreign Affairs