

# **SYNTHESISED TEXT OF THE MLI AND THE CONVENTION BETWEEN **THE ARAB REPUBLIC OF EGYPT AND THE REPUBLIC OF TUNISIA** FOR THE AVOIDANCE OF DOUBLE TAXATION AND PREVENTION OF FISCAL EVASION WITH THE RESPECT TO TAXES ON INCOME AND CAPITAL GAINS**

## **General disclaimer on the Synthesised text document**

**This comprehensive document (the "Document") of the combined text of the Multilateral Convention promulgated by Presidential Decree No. 446 of 2020 and the Convention on avoidance of double taxation and prevention of fiscal evasion with the respect to taxes on income and capital gains between the Arab Republic of Egypt and the Republic of Tunisia and published in the Official Gazette no. 7 on 14/2/1991 ("Convention "), is only a guiding text translated from the Arabic language text of the Convention, bearing in mind that that Arabic version of the Convention is the most likely and the first to be applied on the part of the authentic in case of difference between the versions of different languages themselves- without any responsibility on the authority that issued this text.**

This document presents the synthesised text for the application of the Convention between **the Arab Republic of Egypt** and **the Republic of Tunisia** with respect to Taxes on Income and Capital Gains signed on **8 December 1989** (the "Convention"), as modified by the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting signed by **Egypt** on **7 June 2017** and **Tunisia** on **24 January 2018** (the "MLI").

The document was prepared on the basis of the MLI position of **Egypt** submitted to the Depository upon ratification on **30 September 2020** and of the MLI position of **Tunisia** submitted to the Depository upon ratification on **24 July 2023**. These MLI positions are subject to modifications as provided in the MLI. Modifications made to MLI positions could modify the effects of the MLI on the Convention.

The authentic legal texts of the Convention and the MLI take precedence and remain the legal texts applicable.

The provisions of the MLI that are applicable with respect to the provisions of the Convention are included in boxes throughout the text of this document in the context of the relevant provisions of the Convention. The boxes containing the provisions of the MLI have generally been inserted in accordance with the ordering of the provisions of the 2017 OECD Model Tax Convention.

Changes to the text of the provisions of the MLI have been made to conform the terminology used in the MLI to the terminology used in the Convention (such as "Covered Tax Agreement" and "Convention"/"Agreement", "Contracting Jurisdictions" and "Contracting States"), to ease the

comprehension of the provisions of the MLI. The changes in terminology are intended to increase the readability of the document and are not intended to change the substance of the provisions of the MLI. Similarly, changes have been made to parts of provisions of the MLI that describe existing provisions of the Convention: descriptive language has been replaced by legal references of the existing provisions to ease the readability.

In all cases, references made to the provisions of the Convention or to the Convention must be understood as referring to the Convention as modified by the provisions of the MLI, provided such provisions of the MLI have taken effect.

### **References**

The authentic legal texts of the MLI and the Convention can be found [[www.eta.gov.eg](http://www.eta.gov.eg)].

## **Disclaimer on the entry into effect of the provisions of the MLI**

The provisions of the MLI applicable to this Convention do not take effect on the same dates as the original provisions of the Convention. Each of provisions of the MLI could take effect on different dates, depending on the types of taxes involved (taxes withheld at source or other taxes levied) and on the choices made by **the Arab Republic of Egypt** and **the Republic of Tunisia** in their MLI positions.

Dates of the deposit of instruments of ratification, acceptance or approval: **30 September 2020** for **Egypt** and **24 July 2023** for **Tunisia**.

Entry into force of the MLI: **1 January 2021** for **Egypt** and **1 November 2023** for **Tunisia** and has effect as follows:

The provisions of the MLI shall have effect in each Contracting State with respect to the Convention:

- (i) with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2024; and
- (ii) with respect to all other taxes levied by that Contracting State, for taxes levied with respect to taxable periods beginning on or after 1 May 2024.

**CONVENTION  
BETWEEN  
THE ARAB REPUBLIC OF EGYPT  
AND  
THE REPUBLIC OF TUNISIA  
FOR  
THE AVOIDANCE OF DOUBLE TAXATION  
AND PREVENTION OF FISCAL EVASION  
WITH THE RESPECT TO TAXES ON INCOME  
AND CAPITAL GAINS**

**Preamble**

The Governments of the Arab Republic of Egypt and the Republic of Tunisia,

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

**[MODIFIED by paragraph 3.6.2. of Article 6(3) of the MLI]**

*The following paragraph 1 and paragraph 3 of Article 6 of the MLI replaces the text referring to an intent to eliminate double taxation in the preamble of this Convention:*

**ARTICLE 6 OF THE MLI – PURPOSE OF A COVERED TAX AGREEMENT**

Desiring to further develop their economic relationship and to enhance their co-operation in tax matters,

Intending to eliminate double taxation with respect to the taxes covered by [*this Convention*] without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in [*the Convention*] for the indirect benefit of residents of third jurisdictions),

have agreed as follows:

## **Chapter I**

### **SCOPE OF THE CONVENTION**

#### **ARTICLE 1**

#### **PERSONAL SCOPE**

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

#### **ARTICLE 2**

#### **TAXES COVERED**

1. This Convention shall apply to taxes on income imposed on behalf of a Contracting State or 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 or of capital, including taxes on gains from the alienation of movable and immovable property, and taxes on the total amounts of wages or salaries paid by enterprises.
3. The existing taxes to which the Convention shall apply are:

(a) in the case of **the Republic of Tunisia**:

- the corporation tax;
  - the tax on industrial and commercial profits;
  - the tax on profits of non-commercial professions;
  - the tax on salaries, wages, pensions and annuities;
  - the solidarity tax;
  - the state tax on personal income;
  - the tax on income from transferable securities;
  - the tax on income from debts, deposits, guarantees and current accounts;
  - the contribution to the fund to promote housing for employees;
  - the tax on professional training;
  - the tax on capital gains on immovable property;
- (hereinafter referred to as "Tunisian tax");

(b) in the case of **the Arab Republic of Egypt**:

- the tax on income from immovable property;
  - the tax on income from movable capital;
  - the tax on commercial and industrial profits;
  - the tax on wages, salaries, indemnities and annuities;
  - the tax on profits from liberal professions and other non-commercial professions;
  - the general income tax;
  - the corporation tax;
  - the supplementary taxes imposed as a percentage of the above taxes or otherwise;
- (hereinafter referred to as "Egyptian tax").

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

## **Chapter II GENERAL DEFINITIONS**

### **ARTICLE 3 DEFINITIONS**

1. For the purposes of this Convention, unless the context otherwise requires:
  - (a) the terms "a Contracting State" and "the other Contracting State" mean the Republic of Tunisia or the Arab Republic of Egypt, as the case may be;
  - (b) the term "person" includes an individual, a company and any other body of persons;
  - (c) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;
  - (d) 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;
  - (e) the term "competent authority" means in both Contracting States the Minister of Finance or his legal representative;
  - (f) the term "tax" means Tunisian 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 "national" means all individuals possessing the nationality of a Contracting State and all legal persons, partnerships or companies deriving their 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**

### **RESIDENT**

1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature.
2. Where by reason of the provisions of paragraph 1 a person is a resident of both Contracting States, then his status shall be determined as follows:
  - (a) he shall be deemed to be a resident of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident of the State with which his personal and economic relations are closer (centre of vital interests);
  - (b) if the State in which 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 of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.
3. Where by reason of the provisions of paragraph 1 a company is a resident of both Contracting States, then its residence 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 not a national of either Contracting State, it shall be deemed to be a resident of the State in which its place of effective management is situated.
4. Where, in accordance with paragraph 1, a person other than an individual or a company is a resident of both Contracting States, the competent authorities of the Contracting States shall settle the question by mutual agreement to determine the mode of application of the Convention to such person.

## ARTICLE 5

### PERMANENT ESTABLISHMENT

1. For the purposes of this Convention, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.
2. The term "permanent establishment" includes especially:
  - (a) a place of management;
  - (b) a branch;
  - (c) a sales outlet;
  - (d) an office;
  - (e) a factory;
  - (f) a workshop;
  - (g) a mine, an oil well, a quarry or any other place of extraction of natural resources;
  - (h) a farm or a plantation.
3. **[MODIFIED by paragraph 1 of Article 14 of the MLI]** [The term "permanent establishment" includes a building or construction site or a temporary installation project if it lasts more than six months.]

*The following paragraph 1 of Article 14 of the MLI applies and supersedes the provisions of this Convention:*

#### ARTICLE 14 OF THE MLI – SPLITTING-UP OF CONTRACTS

For the sole purpose of determining whether [the six months] referred to in [paragraph {3} of Article {5} of the Convention] has been exceeded:

- a) where an enterprise of a [Contracting State] carries on activities in the other [Contracting State] at a place that constitutes a building site, construction or assembly project, and these activities are carried on during one or more periods of time that, in the aggregate, exceed 30 days without exceeding [the ninety days]; and
- b) where connected activities are carried on in that other [Contracting State] at the same building site, construction or assembly project, during different periods of time, each exceeding 30 days, by one or more enterprises closely related to the first-mentioned enterprise,

these different periods of time shall be added to the aggregate period of time during which the first mentioned enterprise has carried on activities at that a building site, construction or assembly project.

4. **[MODIFIED by paragraph 2 of Article 13 of the MLI]**~~[Notwithstanding the preceding provisions of this Article, the term "permanent establishment" shall be deemed not to include:~~

- ~~(a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;~~
- ~~(b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;~~
- ~~(c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;~~
- ~~(d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;~~
- ~~(e) the maintenance of a fixed place of business solely for the purpose of 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.]~~

*The following paragraph 2 of Article 13 of the MLI replaces paragraph {4} of Article {5} of this Convention:*

**ARTICLE 13 OF THE MLI – ARTIFICIAL AVOIDANCE OF PERMANENT  
ESTABLISHMENT STATUS THROUGH THE SPECIFIC ACTIVITY  
EXEMPTIONS (*Option A*)**

Notwithstanding [*Article {5} of Convention*], the term “permanent establishment” shall be deemed not to include:

- (a) (1) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
- (2) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
- (3) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
- (4) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;
- b) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any activity not described in subparagraph a);



c) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs a) and b),

*Provided that* such activity or, in the case of subparagraph c), the overall activity of the fixed place of business, is of a preparatory or auxiliary character.

*The following paragraph 4 of Article 13 of the MLI applies to paragraph {4} of Article {5} of this Convention {as modified by paragraph {2} of Article 13 of the MLI}:*

*[paragraph 4 of Article {5} of this Convention, {as modified by paragraph {2} of Article 13 of the MLI}] shall not apply to a fixed place of business that is used or maintained by an enterprise if the same enterprise or a closely related enterprise carries on business activities at the same place or at another place in the same Contracting State and:*

- a) that place or other place constitutes a permanent establishment for the enterprise or the closely related enterprise under the provisions of *[Article {5} of the Convention]*; or
- b) the overall activity resulting from the combination of the activities carried on by the two enterprises at the same place, or by the same enterprise or closely related enterprises at the two places, is not of a preparatory or auxiliary character,

Provided that the business activities carried on by the two enterprises at the same place, or by the same enterprise or closely related enterprises at the two places, constitute complementary functions that are part of a cohesive business operation closely related enterprise.

5. **[REPLACED by paragraph 1 of Article 12 of the MLI]**~~[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 he has a general authority to conclude contracts in the name of the enterprise, unless such activities are of a type 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.]~~

*The following paragraph 1 of Article 12 of the MLI replaces paragraph {5} of Article {5} of this Convention:*

**ARTICLE 12 OF THE MLI – ARTIFICIAL AVOIDANCE OF PERMANENT  
ESTABLISHMENT STATUS THROUGH COMMISSIONNAIRE  
ARRANGEMENTS AND SIMILAR STRATEGIES**

Notwithstanding *[Article {5} of the Convention]*, but subject to *[paragraph 2 of Article 12 of the MLI]*, where a person is acting in a *[Contracting State]* on behalf of an enterprise and, in doing so, habitually concludes contracts, or habitually plays the principal role leading to the conclusion of contracts that are routinely concluded without material modification by the enterprise, and these contracts are:

- a) in the name of the enterprise; or
- b) for the transfer of the ownership of, or for the granting of the right to use, property owned by that enterprise or that the enterprise has the right to use; or
- c) for the provision of services by that enterprise,

that enterprise shall be deemed to have a permanent establishment in that [*Contracting State*] in respect of any activities which that person undertakes for the enterprise unless these activities, if they were exercised by the enterprise through a fixed place of business of that enterprise situated in that [*Contracting State*], would not cause that fixed place of business to be deemed to constitute a permanent establishment under the definition of permanent establishment included in the provisions of [*Article {5} of the Convention.*]

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 previous paragraph applies.

7. **[REPLACED by paragraph 2 of Article 12 of the MLI]** ~~{An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that State through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business.~~

~~—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. [sic]~~

*The following paragraph 2 of Article 12 of the MLI replaces paragraph {7} of Article {5} of this Convention:*

**ARTICLE 12 OF THE MLI – ARTIFICIAL AVOIDANCE OF PERMANENT  
ESTABLISHMENT STATUS THROUGH COMMISSIONNAIRE  
ARRANGEMENTS AND SIMILAR STRATEGIES**

[*Paragraph 1 of Article 12 of the MLI*] shall not apply where the person acting in a [*Contracting State*] on behalf of an enterprise of the other [*Contracting State*] carries on business in the first-mentioned [*Contracting State*] as an independent agent and acts for the enterprise in the ordinary course of that business. Where, however, a person acts exclusively or almost exclusively on behalf of one or more enterprises to which it is closely related, that person shall not be considered to be an independent agent within the meaning of this paragraph with respect to any such enterprise.

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 Contracting State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

*The following paragraph 1 of Article 15 of the MLI applies to provisions of this Convention:*

**ARTICLE 15 OF THE MLI – DEFINITION OF A PERSON CLOSELY RELATED TO AN ENTERPRISE**

For the purposes of the provisions of [Article {5} of the Convention], a person is closely related to an enterprise if, based on all the relevant facts and circumstances, one has control of the other or both are under the control of the same persons or enterprises. In any case, a person shall be considered to be closely related to an enterprise if one possesses directly or indirectly more than 50 per cent of the beneficial interest in the other (or, in the case of a company, more than 50 per cent of the aggregate vote and value of the company's shares or of the beneficial equity interest in the company) or if another person possesses directly or indirectly more than 50 per cent of the beneficial interest (or, in the case of a company, more than 50 per cent of the aggregate vote and value of the company's shares or of the beneficial equity interest in the company) in the person and the enterprise.

**Chapter III  
TAXATION OF INCOME  
ARTICLE 6**

**INCOME FROM IMMOVABLE PROPERTY**

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture) 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, 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 and other natural resources. Ships and aircraft shall not be regarded as immovable property.
3. The provisions of paragraph 1 shall 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 7**

### **BUSINESS 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 Contracting State but only so much of them as is attributable to that permanent establishment
2. In accordance with 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 determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.
4. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.
5. 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 of this Article shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this Article.
6. For the purposes of the preceding paragraphs of this Article, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.
7. Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

## **ARTICLE 8**

### **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 1 shall also apply to profits from the participation in a pool, a joint business or an international ship or aircraft operating agency.

## **ARTICLE 9**

### **ASSOCIATED ENTERPRISES**

1. Where
  - (a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or
  - (b) the same persons participate directly or indirectly in the management, control or capital of 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.
2. Where a Contracting State includes in the profits of an enterprise of that State - and taxes accordingly - profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Convention and thereafter the competent authorities of the Contracting States shall consult each other within the limits under the applicable laws.
3. The Contracting States shall not change the profits of an enterprise in the circumstances referred to in paragraph 1 after the expiry of the time limits provided in their domestic laws.

## **ARTICLE 10**

### **DIVIDENDS**

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State and according to its laws.
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 10% of the gross amount of the dividends.
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 any income which is subjected to the same taxation treatment as income from shares by the tax 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 Contracting State may not impose any tax on the dividends paid by the company, except insofar as such distributed profits are paid to a resident of that other State or insofar as the holding in respect of which the distributions are made is effectively connected with a permanent establishment or a fixed base situated in that other State, nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

## **ARTICLE 11**

### **INTEREST**

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed 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 10% of the gross amount of the interest. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.
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 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 paragraphs 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 case 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 payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

## **ARTICLE 12**

### **ROYALTIES**

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State 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 15% 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, 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, including any amounts paid for cinematograph films, or films or video tapes used for television broadcasting.

4. The provisions of paragraph 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 case 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, and the right or property in respect of which the royalties are paid is effectively connected with 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 payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.



## ARTICLE 13

### CAPITAL GAINS

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in that other Contracting 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 derived by a resident of a Contracting State 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. ~~[REPLACED by paragraph 4 of Article 9 of the MLI][Gains from the alienation of shares 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 Contracting State.]~~

*The following paragraph 4 of Article 9 of the MLI replaces paragraph {4} of Article {13} of this Convention:*

#### **ARTICLE 9 OF THE MLI – CAPITAL GAINS FROM ALIENATION OF SHARES OR INTERESTS OF ENTITIES DERIVING THEIR VALUE PRINCIPALLY FROM IMMOVABLE PROPERTY**

For purposes of *[the Convention]*, gains derived by a resident of a *[Contracting State]* from the alienation of shares or comparable interests, such as interests in a partnership or trust, may be taxed in the other *[Contracting State]* if, at any time during the 365 days preceding the alienation, these shares or comparable interests derived more than 50 per cent of their value directly or indirectly from immovable property (real property) situated in that other *[Contracting State]*.

5. Gains from the alienation of any property other than that referred to in the preceding paragraphs shall be taxable only in the Contracting State in which 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 may be taxed in that State. 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, but only so much of the income as is derived from such activities performed in that other State; or
  - (b) if his stay in the other Contracting State is for a period or periods exceeding in the aggregate 183 days in the fiscal year concerned, and only so much of the income as is derived from such activities performed in that 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, surgeons, 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 may be taxed in the first-mentioned State if:
  - (a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in the fiscal year concerned, and
  - (b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and
  - (c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other Contracting 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**

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 Contracting State.

## **ARTICLE 17**

### **INCOME EARNED BY ARTISTES AND SPORTSPERSONS**

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 a sportsperson, 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 a sportsperson in his capacity as such accrues not to the entertainer or sportsperson 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 sportsperson are exercised.

## **ARTICLE 18**

### **PENSIONS AND ANNUITIES**

Subject to the provisions of paragraph 1 of Article 19:

1. Pensions and similar payments derived by a resident of the Arab Republic of Egypt from governmental and nongovernmental sources of the Republic of Tunisia shall be exempt from tax in the Republic of Tunisia.
2. Pensions and similar payments derived by a resident of the Republic of Tunisia from governmental and non-governmental sources of the Arab Republic of Egypt shall be exempt from tax in the Arab Republic of Egypt.

## **ARTICLE 19**

### **GOVERNMENT SERVICE**

- 1.(a) Remuneration, other than a pension, paid by a Contracting State or a political subdivision, local authority, public institution or public enterprise thereof to an individual in respect of services rendered to that State, subdivision, authority, institution or enterprise shall be taxable only in that State.
- (b) However, such remuneration may be taxed in the other Contracting State if the services are rendered in that other State and the individual is a resident of that other State and is a national of that State or did not become a resident of that other State solely for the purpose of rendering the services.
2. 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, local authority, public institution or public enterprise thereof.

## **ARTICLE 20**

### **PAYMENTS RECEIVED BY STUDENTS AND APPRENTICES**

1. A resident of a Contracting State who is present in the other Contracting State solely:
  - (a) as a student enrolled at a university, college or school of that other State;
  - (b) as a business or technical apprentice; or
  - (c) as a recipient of a scholarship, grant or award paid by a religious, charitable, scientific or educational institution for the primary purpose of his education or research,shall not be taxed in that other State in respect of his scholarship.
2. The same applies to any amounts received by such person as remuneration for activities exercised in the other Contracting State, provided that such activities are in connection with his studies or training or are necessary to cover his maintenance costs.

## **ARTICLE 21**

### **PROFESSORS, TEACHERS AND RESEARCHERS**

1. Where a resident of a Contracting State is invited by a university, college or institution of higher education or scientific research of the other Contracting State solely for teaching or scientific research in such schools for a period not exceeding two years, he shall not be subject to tax in that other State with respect to remuneration paid for such teaching or research.
2. The provisions of paragraph 1 shall not apply to remuneration in respect of research undertaken not in the public interest but mainly for the private benefit of a specific person or persons.

## **ARTICLE 22**

### **OTHER INCOME**

Items of income of a resident of a Contracting State, not specifically dealt with in the foregoing Articles of this Convention, may be taxed in the State in which such items of income arise.

## **Chapter IV**

### **METHODS FOR ELIMINATION OF DOUBLE TAXATION**

## **ARTICLE 23**

### **ELIMINATION OF DOUBLE TAXATION**

1. Where a resident of a Contracting State derives income from the other Contracting State which, in accordance with the provisions of this Convention, shall be taxable only in the other Contracting State, the first-mentioned State shall, subject to the provisions of paragraph 2, exempt such income from tax, but may, in calculating the amount of tax on the remaining income of such resident, apply the tax rate which would have been applied if the income had not been exempt as indicated above.
2. Where a resident of a Contracting State derives items of income from the other Contracting State which, in accordance with the provisions of Articles 10, 11 and 12, 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 tax paid in that other Contracting State. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable to such items of income derived from that other Contracting State.
3. Any tax that has been, for a limited period, exempt or reduced under the provisions of the laws relating to investment incentives of the Contracting States, shall be deemed to have been paid and shall be deducted in the other Contracting State from the tax due on such income.

## **Chapter V SPECIAL PROVISIONS**

### **ARTICLE 24**

#### **NON-DISCRIMINATION**

1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected.
2. A permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be subjected in that other State to any taxation, which is more burdensome than the taxation of 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.
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 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 that State are or may be subjected.
4. For the purposes of this Article, the term "taxes" means taxes of every kind and description.

### **ARTICLE 25**

#### **MUTUAL AGREEMENT PROCEDURE**

1. ~~.[The first sentence of paragraph 1 of Article 25 of this Convention is REPLACED by paragraph 1 of Article 16 of the MLI][Where a resident of a Contracting State considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the 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 following first sentence of paragraph 1 of Article 16 of the MLI replaces the {first sentence} of paragraph {1} of Article {25} of this Convention:*

#### **ARTICLE 16 OF THE MLI – MUTUAL AGREEMENT PROCEDURE**

Where a person considers that the actions of one or both of the [*Contracting States*] result or will result for that person in taxation not in accordance with the provisions of [*this Convention*], that person may, irrespective of the remedies provided by the domestic law of those [*Contracting States*], present the case to the competent authority of either [*Contracting State*].

The case must be presented within five years from the first notification of the action resulting in taxation not in accordance with the provisions of the Convention.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with this Convention.

*The following second sentence of paragraph 2 of Article 16 of the MLI applies to this Convention*

#### **ARTICLE 16 OF THE MLI – MUTUAL AGREEMENT PROCEDURE**

Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the [*Contracting States*].

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

### **ARTICLE 26**

#### **EXCHANGE OF INFORMATION**

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the Contracting States concerning taxes covered by the Convention insofar as the taxation thereunder is not contrary to the Convention, in particular for the prevention of evasion of such taxes.

The exchange of information is not restricted by Article 1. Any information received by Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of the taxes covered by this Convention. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on a Contracting State the obligation:

- (a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;
- (b) to supply information which is not obtainable under the laws or in the normal course of the administration of that 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 MEMBERS AND CONSULAR PRIVILEGES**

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**

### **PREVENTION OF TREATY ABUSE**

*The following paragraph 1 of Article 7 of the MLI applies and supersedes the provisions of this Convention:*

#### **ARTICLE 7 OF THE MLI –PREVENTION OF TREATY ABUSE**

##### ***(Principal purposes test provision)***

Notwithstanding any provisions of [*the Convention*], a benefit under [*the Convention*] shall not be granted in respect of an item of income or capital gains if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of [*the Convention*].



**Chapter VI**  
**FINAL PROVISIONS**

**ARTICLE 28**

**ENTRY INTO FORCE**

This Convention shall be ratified by the Contracting Parties and the instruments of ratification shall be exchanged as soon as possible. The Convention shall enter into force upon the exchange of instruments of ratification, through diplomatic channels, and its provisions shall have effect:

- (a) in respect of taxes withheld at source, as from the first day of the month following the date of the exchange of instruments of ratification;
- (b) in respect of other taxes, as from the beginning of the calendar year following the year of the entry into force of the Convention, regarding income realised during the year of the exchange of instruments of ratification.

**ARTICLE 29**

**TERMINATION**

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

- (a) in respect of taxes withheld at source, as from the end of the month following the date of termination of the Convention;
- (b) in respect of other taxes, at the latest on 31 December of the year of termination.

[In witness whereof the undersigned, duly authorised thereto, have signed this Convention.]

[Done in duplicate on 8 December 1989 in the Arabic language.]

**FOR**  
**THE ARAB REPUBLIC OF EGYPT**

**FOR**  
**THE REPUBLIC OF TUNISIA**