EXPLANATORY NOTE

(This Note is not part of the Order, but is intended to indicate its general purport.)

Under the Arrangement with the Isle of Man which is scheduled to this Order, certain classes of income derived from one country by a resident of the other country are (subject to certain conditions) exempt from tax in the former country; these classes are shipping and air transport profits, certain trading profits not arising through a "permanent establishment" and earnings of temporary business visitors. Government salaries and pensions are normally taxed by the paying Government only.

Dividends and debenture interest payable by companies are not affected by the Arrangement. The system of unilateral relief by the United Kingdom which operates at present (Section 348 and Seventeenth Schedule, Income Tax Act, 1952), will continue to apply to them. In other cases where income continues to be taxable in both countries, credit is to be given by the country of the taxpayer's residence for the tax payable in the country of origin of the income.

Provision is included for the exchange of information between the taxation authorities of the two countries.

The Arrangement is expressed to take effect for the fiscal year 1955-56.

1955 No. 1204

The Double Taxation Relief (Taxes on Income) (Pakistan) Order, 1955

Made - - - - *29th July,* 1955

At the Court at Goodwood House, the 29th day of July, 1955

Present,

The Queen's Most Excellent Majesty in Council

Whereas a draft of this Order was laid before the Commons House of Parliament in accordance with the provisions of subsection (6) of section three hundred and forty-seven of the Income Tax Act, 1952(**a**), and an Address has been presented to Her Majesty by that House praying that an Order may be made in the terms of this Order:

Now, therefore, Her Majesty, in exercise of the powers conferred upon Her by subsection (1) of the said section three hundred and forty-seven, as amended by subsection (2) of section seventy of the Finance Act, 1952(**b**), and of all other powers enabling Her in that behalf, is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows:—

1. This Order may be cited as the Double Taxation Relief (Taxes on Income) (Pakistan) Order, 1955.

2. It is hereby declared—

(*a*) that the arrangements specified in the Agreement set out in the Schedule to this Order have been made with the Government of Pakistan

(a) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 10. (b) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 33.

with a view to affording relief from double taxation in relation to income tax, profits tax or excess profits levy and taxes of a similar character imposed by the laws of Pakistan; and

(*b*) that it is expedient that those arrangements should have effect.

W. G. Agnew.

SCHEDULE

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF PAKISTAN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of Pakistan,

Desiring to conclude an agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, have agreed as follows:—

ARTICLE I

(1) The taxes which are the subject of the present Agreement are:

(*a*) in the United Kingdom of Great Britain and Northern Ireland:

the income tax (including surtax), the profits tax and the excess profits levy (hereinafter referred to as "United Kingdom tax").

(*b*) in Pakistan:

the income tax, super-tax and the business profits tax (hereinafter referred to as "Pakistan tax").

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

ARTICLE II

(1) In the present Agreement, unless the context otherwise requires:

(*a*) The term "United Kingdom" means Great Britain and Northern Ireland;

(*b*) The term "Pakistan" means the Provinces of Pakistan, the Capital of the Federation and the Acceding States to which the laws of the Federal Government relating to taxes, which are the subject of the present Agreement, have been, or may hereafter be, extended;

(*c*) The terms "one of the territories" and "the other territory" mean the United Kingdom or Pakistan, as the context requires;

(*d*) The term "tax" means United Kingdom tax, or Pakistan tax, as the context requires;

(*e*) The term "person" includes any body of persons, corporate or not corporate;

(*f*) The term "company" means any body corporate or not corporate, assessed as a company under the relevant laws of either Contracting Government;

(*g*) The term "resident of the United Kingdom" means:

(i) Any company whose business is managed and controlled in the United Kingdom; or

(ii) Any other person who is resident in the United Kingdom for the purposes of United Kingdom tax and not resident in Pakistan for the purposes of Pakistan tax;

(*h*) The term "resident of Pakistan" means:

(i) Any company whose business is managed and controlled in Pakistan; or

(ii) Any other person who is resident in Pakistan for the purposes of Pakistan tax and not resident in the United Kingdom for the purposes of United Kingdom tax ;

(*i*) The terms " resident of one of the territories " and " resident of the other territory " mean a person who is a resident of the United Kingdom or a person who is a resident of Pakistan, as the context requires ;

(*j*) The terms " United Kingdom enterprise " and " Pakistan enterprise " mean respectively an industrial or commercial enterprise or undertaking carried on by a resident of the United Kingdom and an industrial or commercial enterprise or undertaking carried on by a resident of Pakistan ; and the terms " enterprise of one of the territories " and " enterprise of the other territory " mean a United Kingdom enterprise or a Pakistan enterprise, as the context requires ;

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

(*l*) The term " permanent establishment ", when used with respect to an enterprise of one of the territories, means a branch, management, factory, or other fixed place of business, but does not include an agency unless the agent has, and habitually exercises, a general authority to negotiate and conclude contracts on behalf of such enterprise or has a stock of merchandise from which he regularly fills orders on its behalf. In this connection—

(i) An enterprise of one of the territories shall not be deemed to have a permanent establishment in the other territory merely because it carries on business dealings in that other territory through a *bona fide* broker or general commission agent acting in the ordinary course of his business as such ; and

(ii) The fact that a company which is a resident of one of the territories has a subsidiary company which is a resident of the other territory or which is engaged in trade or business in that other territory (whether through a permanent establishment or otherwise) shall not of itself constitute that subsidiary company a permanent establishment of its parent company.

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

(3) In the application of the provisions of the present Agreement by one of the Contracting Governments, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting Government relating to the taxes which are the subject of the present Agreement.

ARTICLE III

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

(2) The industrial or commercial profits of a Pakistan enterprise shall not be subject to United Kingdom tax unless the enterprise is engaged in trade or business in the United Kingdom through a permanent establishment situated

therein. If it is so engaged, tax may be imposed on those profits by the United Kingdom, but only on so much of them as is attributable to that permanent establishment.

(3) Where an enterprise of one of the territories is engaged in trade or business in the other territory through a permanent establishment situated therein, there shall be attributed to such permanent establishment the industrial or commercial profits which it might be expected to derive in that other territory if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing at arm's length with the enterprise of which it is a permanent establishment.

ARTICLE IV

Where—

(*a*) an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or

(*b*) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the territories and an enterprise of the other territory, and

(*c*) 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,

any profits, which would but for those conditions have accrued to one of the enterprises but by reason of those conditions have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

ARTICLE V

(1) Notwithstanding the provisions of Articles III and IV, profits derived by a resident of the United Kingdom from operating aircraft registered in the United Kingdom or ships whose port of registry is in the United Kingdom shall be exempt from Pakistan tax, unless the aircraft or ship is operated wholly or mainly between places within Pakistan.

(2) Notwithstanding the provisions of Articles III and IV, profits derived by a resident of Pakistan from operating aircraft registered in Pakistan or ships whose port of registry is in Pakistan shall be exempt from United Kingdom tax, unless the aircraft or ship is operated wholly or mainly between places within the United Kingdom.

ARTICLE VI

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

(2) Nothing contained in paragraph (1) of this Article shall affect the provisions of the Pakistan law providing for the allowance of rebate of super-tax at a higher rate to companies which make such arrangements, as may be prescribed in this behalf, for the declaration and payment of dividends and the deduction of super-tax from dividends paid by them than that allowed to other companies:

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

(*a*) 6·25 *per cent.*, in the case of a public company and

(*b*) 12·50 *per cent.*, in the case of any other company:

Provided further that where a company, being a resident of the United Kingdom, is a public company, it shall be entitled to a rebate of 3·125 *per cent.* on so much of its income as is derived by it in the form of dividends from a subsidiary company, as defined in the Companies Act, 1913 (VII of 1913), incorporated in Pakistan.

(3) Where an individual, who is a resident of the United Kingdom and is not engaged in any trade or business in Pakistan through a permanent establishment situated therein, receives a dividend in respect of which he is subject to United Kingdom tax from a company which is incorporated in Pakistan, the income tax and super-tax payable by him in Pakistan in respect of the aforesaid dividend shall not exceed the aggregate of income tax and super-tax which would have been payable by him in Pakistan in respect of that dividend computed at the rates which would have been applicable to his total world income if he had been resident and ordinarily resident in Pakistan and the aforesaid total world income had been his total income:

Provided that nothing contained in this paragraph shall entitle such an individual to a refund of income tax deemed to have been paid by him under the provisions of Section 49B of the Income Tax Act, 1922 (XI of 1922), in respect of that dividend.

(4) In paragraph (2) of this Article, the term "public company" means, in relation to any year of assessment—

(*a*) a company, which is neither a private company within the meaning of the Companies Act, 1913 (VII of 1913) nor a company in which shares carrying more than fifty *per cent.* of the total voting power were, at any time during the previous year, held or controlled by less than six persons and which is a company the shares of which were offered for sale in a recognised stock exchange at any time during the previous year; or

(*b*) a company all of whose shares were held at the end of the previous year by one or more such public companies as defined in clause (*a*) of this paragraph.

ARTICLE VII

(1) Any royalty derived from sources within one of the territories by a resident of the other territory, who is subject to tax in that other territory in respect thereof and is not engaged in trade or business in the first-mentioned territory through a permanent establishment situated therein, shall be exempt from tax in that first-mentioned territory.

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

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

(4) Any capital sum derived from sources within one of the territories from the sale of patent rights by a resident of the other territory, who is not engaged in trade or business in the first-mentioned territory through a permanent establishment situated therein, shall be exempt from tax in that first-mentioned territory.

ARTICLE VIII

(1) Remuneration, including pensions and annuities, paid by or on behalf of the Government of the United Kingdom to any individual for services rendered to that Government in the discharge of Governmental functions shall be exempt from tax in Pakistan, if the individual is not ordinarily resident in Pakistan or, where the remuneration is not a pension or annuity, is ordinarily resident in Pakistan solely for the purpose of rendering those services.

(2) Remuneration, including pensions and annuities, paid by or on behalf of the Government of Pakistan to any individual for services rendered to that Government in the discharge of Governmental functions shall be exempt from tax in the United Kingdom, if the individual is not ordinarily resident in the United Kingdom or, where the remuneration is not a pension or annuity, is ordinarily resident in the United Kingdom solely for the purpose of rendering those services.

(3) The provisions of this Article shall not apply to payments in respect of services rendered in connection with any trade or business carried on by either of the Contracting Governments for purposes of profit.

(4) For the purposes of this Article, the term " Government of Pakistan " shall include the Government of a Province or a State in Pakistan.

ARTICLE IX

(1) An individual, who is a resident of the United Kingdom, shall be exempt from Pakistan tax on profits or remuneration in respect of personal (including professional) services performed within Pakistan in any year of assessment, if—

(*a*) he is present within Pakistan for a period or periods not exceeding in the aggregate 183 days during that year, and

(*b*) the services are performed for or on behalf of a resident of the United Kingdom, and

(*c*) the profits or remuneration are subject to United Kingdom tax.

(2) An individual, who is a resident of Pakistan, shall be exempt from United Kingdom tax on profits or remuneration in respect of personal (including professional) services performed within the United Kingdom in any year of assessment, if—

(*a*) he is present within the United Kingdom for a period or periods not exceeding in the aggregate 183 days during that year, and

(*b*) the services are performed for or on behalf of a resident of Pakistan, and

(*c*) the profits or remuneration are subject to Pakistan tax.

(3) The provisions of this Article shall not apply to the profits or remuneration of public entertainers such as stage, motion picture or radio artists, musicians and athletes.

ARTICLE X

(1) Any pension or annuity (other than a pension or annuity of the kind referred to in paragraphs (1) and (2) of Article VIII) derived from sources within one of the territories by an individual who is a resident of the other territory and subject to tax in that other territory in respect thereof shall be exempt from tax in the first-mentioned territory.

(2) In this Article the term " annuity ", where it first appears, 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 XI

A professor or teacher from one of the territories, who receives remuneration for teaching, during a period of temporary residence not exceeding two years, at a university, college, school or other educational institution in the other territory, shall be exempt from tax in that other territory in respect of that remuneration.

ARTICLE XII

A student, student-trainee or business apprentice from one of the territories, who is receiving full-time education or training in the other territory, shall be exempt from tax in that other territory on payments made to him by persons in the first-mentioned territory for the purpose of his maintenance, education or training.

ARTICLE XIII

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

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

For the purposes of this paragraph, the term "Pakistan tax" shall include the agricultural income tax imposed by the Government of any Province or State in Pakistan and any tax of a substantially similar character imposed after the date of signature of this Agreement by the Government of any Province or State in Pakistan or by the Government of any territory to which the present Agreement is extended under sub-paragraph (*b*) of paragraph (3) of Article XVI.

(2) Subject to such provisions (which shall not affect the general principles hereof) as may be made in Pakistan, United Kingdom tax payable, whether directly or by deduction by a person resident in Pakistan, in respect of income from sources within the United Kingdom (including income accruing or arising in the United Kingdom but deemed, under the provisions of the law of Pakistan, to accrue or arise in Pakistan) shall be allowed as a credit against any Pakistan tax payable in respect of that income.

(3) Notwithstanding the provisions of paragraphs (1) and (2) of this Article, where tax is imposed by both Contracting Governments on income derived from sources outside both Pakistan and the United Kingdom by a company which is resident in Pakistan for the purposes of Pakistan tax and is also resident in the United Kingdom for the purposes of United Kingdom tax there shall be allowed against the tax imposed by each Contracting Government a credit which bears the same proportion to the amount of that tax (as reduced by any credit allowed in respect of tax payable in the country from which the income is derived) or to the amount of the tax imposed by the other Contracting Government (reduced as aforesaid), whichever is the less, as the former amount (before any such reduction) bears to the sum of both amounts (before any such reduction).

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

ARTICLE XIV

(1) The taxation authorities of the Contracting Governments shall exchange such information (being information which is available under their respective taxation laws in the normal course of administration) as is necessary for carrying out the provisions of the present Agreement or for the prevention of fraud or for the administration of statutory provisions against legal avoidance in relation to the taxes which are the subject of the present Agreement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than those concerned with the assessment and collection of the taxes, which are the subject of the present Agreement. No information as aforesaid shall be exchanged which would disclose any trade, business, industrial or professional secret or trade process.

(2) The taxation authorities of the Contracting Governments may consult together, as may be necessary, for the purpose of carrying out the provisions of the present Agreement and in particular the provisions of Articles III and IV.

(3) As used in this Article, the term "taxation authorities" means, in the case of the United Kingdom, the Commissioners of Inland Revenue or their authorised representative and, in the case of Pakistan, the Central Board of Revenue or their authorised representative; and, in the case of any territory to which the present Agreement is extended under Article XVI, the competent authority for the administration in such territory of the taxes to which the present Agreement applies.

ARTICLE XV

(1) The residents of one of the territories shall not be subjected in the other territory to any taxation or any requirement connected therewith which is other, higher or more burdensome than the taxation and connected requirements to which the residents of the latter territory are or may be subjected.

(2) The enterprises of one of the territories shall not be subjected in the other territory, in respect of profits attributable to their permanent establishments in that other territory, to any taxation which is other, higher or more burdensome than the taxation to which the enterprises of that other territory and, in the case of companies, to which enterprises of that other territory assessed as companies under the relevant laws of that other territory are or may be subjected in respect of the like profits.

(3) In this Article, the term "taxation" means the taxes which are the subject of the present Agreement.

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

(*a*) as obliging either of the Contracting Governments to grant to persons not resident in its territory those personal allowances and reliefs for tax purposes which are by law available only to persons who are so resident, or, to charge persons (other than companies), who are not resident in its territory, at the lower rates of income tax chargeable only on persons (other than companies) who are so resident; or

(*b*) as affecting the provisions of paragraphs (2) and (3) of Article VI.

ARTICLE XVI

(1) The present Agreement may be extended, either in its entirety or with modifications, to any territory to which this Article applies and which imposes taxes substantially similar in character to those which are the subject of the present Agreement and any such extension shall take effect from such date and subject to such modifications and conditions (including conditions as to termination) as may be specified and agreed between the Contracting Governments in notes to be exchanged for this purpose.

(2) The termination in respect of Pakistan or the United Kingdom of the present Agreement under Article XVIII shall, unless otherwise expressly agreed by both Contracting Governments, terminate the application of the present Agreement to any territory to which the Agreement has been extended under this Article.

(3) The territories to which this Article applies are—

(*a*) in relation to the United Kingdom:

Any territory other than the United Kingdom for whose international relations the United Kingdom is responsible;

(*b*) in relation to Pakistan:

Any territory other than Pakistan for whose international relations Pakistan is responsible.

ARTICLE XVII

The present Agreement shall come into force on the date when the last of all such things shall have been done in the United Kingdom and Pakistan as are necessary to give the Agreement the force of law in the United Kingdom and Pakistan respectively, and shall thereupon have effect—

(*a*) In the United Kingdom:

as respects income tax (including surtax), for any year of assessment beginning on or after the 6th April, 1955;

as respects profits tax, in respect of the following profits—

(i) profits by reference to which income tax is, or but for the present Agreement would be, chargeable for any year of assessment beginning on or after the 6th April, 1955;

(ii) other profits being profits by reference to which income tax is not chargeable, but which arise in any chargeable accounting period beginning on or after the 1st April, 1955, or are attributable to so much of any chargeable accounting period falling partly before and partly after that date as falls after that date;

as respects excess profits levy, in respect of profits by reference to which income tax is, or but for the present Agreement would be, chargeable for any year of assessment beginning on or after the 6th April, 1955;

(*b*) In Pakistan:

as respects income tax and super-tax, for any year of assessment beginning on or after the 1st April, 1955;

as respects Business Profits Tax, in respect of the following profits—

(i) profits by reference to which income tax is, or but for the present Agreement would be, chargeable for any year of assessment beginning on or after the 1st April, 1955;

(ii) other profits being profits by reference to which income tax is not chargeable but which arise in any chargeable accounting period beginning on or after the 1st April, 1955, or are attributable to so much of any chargeable accounting period falling partly before and partly after that date as falls after that date.

ARTICLE XVIII

The present Agreement shall continue in effect indefinitely but either of the Contracting Governments may, on or before the 30th June in any calendar year not earlier than the year 1957, give to the other Contracting Government written notice of termination and, in such event, the present Agreement shall cease to be effective—

(*a*) In the United Kingdom:

as respects income tax (including surtax), for any year of assessment beginning on or after the 6th April in the calendar year next following that in which the notice is given;

as respect profits tax in respect of the following profits—

(i) profits by reference to which income tax is chargeable for any year of assessment beginning on or after the 6th April in the calendar year next following that in which the notice is given;

(ii) other profits being profits by reference to which income tax is not chargeable, but which arise in any chargeable accounting period beginning on or after the 1st April in the next following calendar year or are attributable to so much of any chargeable accounting period falling partly before and partly after that date as falls after that date;

(*b*) In Pakistan:

as respects income tax and super-tax, for any year of assessment beginning on or after the 1st April in the calendar year next following that in which the notice is given;

as respects Business Profits Tax, in respect of the following profits—

(i) profits by reference to which income tax is chargeable for any year of assessment beginning on or after the 1st April in the calendar year next following that in which the notice is given;

(ii) other profits being profits by reference to which income tax is not chargeable, but which arise in any chargeable accounting period beginning on or after the 1st April in the next following calendar year or are attributable to so much of the chargeable accounting period falling partly before and partly after that date as falls after that date.

In witness whereof the undersigned, duly authorised thereto, have signed the present Agreement.

Done in duplicate at Karachi, the 10th day of June, 1955.

For the Government of the United Kingdom.

(L.S.) *A. C. B. Symon,*
High Commissioner for the United Kingdom in Pakistan.

For the Government of Pakistan.

(L.S.) *Mohamad Ali,*
Minister for Finance and Economic Affairs.

EXPLANATORY NOTE

(*This Note is not part of the Order, but is intended to indicate its general purport.*)

Under the Agreement with Pakistan which is scheduled to this Order, certain classes of income derived from one country by a resident of the other country are (subject to certain conditions) exempt from tax in the former country; these classes are shipping and air transport profits, certain trading profits not arising through a "permanent establishment", patent and copyright royalties, pensions other than Government pensions, purchased annuities and earnings of temporary business visitors. Government salaries are normally to be taxed by the paying Government only. Remuneration of visiting professors and teachers is to be exempt in the country visited.

Where income continues to be taxable in both countries, full credit is to be given by the country of the taxpayer's residence for the tax payable in the country of origin of the income.

Provision is included for the exchange of information between the taxation authorities of the two countries.

The Agreement is expressed to take effect for the fiscal year 1955–56.