রেজিস্টার্ড নং ডি এ-১

বাংলাদেশ গেজেট

অতিরিক্ত সংখ্যা

কর্তৃপক্ষ কর্তৃক প্রকাশিত

সোমবার, জুলাই ১১, ১৯৮৮

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গণপ্রজাতন্ত্রী বাংলাদেশ সরকার

অর্থ মন্ত্রণালয়

অভ্যন্তরীণ সম্পদ বিভাগ

(আয়কর)

প্রজ্ঞাপন

ঢাকা, ২৭শে আষাঢ়, ১৩৯৫/১১ই জুলাই, ১৯৮৮

নং এস, আর, ও ২২১-আইন/৮৮—যেহেতু গণপ্রজাতন্ত্রী বাংলাদেশ সরকার এবং ইসলামী প্রজাতন্ত্রী পাকিস্তান সরকার দ্বৈত করারোপণ পরিহার এবং আয়ের উপর কর সম্পর্কিত রাজস্ব ফাঁকি প্রতিরোধের জন্য চুক্তি সম্পাদন করিয়াছেন;

সেহেতু, এক্ষণে Income Tax Ordinance, 1984 (XXXVI of 1984) এর section 144 এ প্রদত্ত ক্ষমতাবলে সরকার নির্দেশ দিলেন যে, এতদসংগে সংযোজিত উক্ত চুক্তির বিধানাবলী বাংলাদেশে কার্যকর হইবে;

CONVENTION BETWEEN THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME.

(১১৩৬৭)

মূল্য: টাকা ১.৮০

THE GOVERNMENT OF THE PEOPLE'S REPUBLIC OF BANGLADESH
AND
THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN

DESIRING TO CONCLUDE A CONVENTION FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME, HAVE AGREED AS FOLLOWS :—

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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 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 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 Pepole's Republic of Bangladesh :

(i) the income tax; and

(ii) the super tax and surcharges; (hereinafter referred to as "Bangladesh tax");

(b) in the case of the Islamic Republic of Pakistan;

(i) the income tax; and

(ii) the super tax and surcharges; (hereinafter referred to as "Pakistan tax").

(4) 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 by either Contracting State or by the

Government of any territory to which the Convention is extended under Article 28 of the Convention. The competent authorities of the Contracting States shall notify each other of changes which have been made in their respective taxation laws.

CHAPTER II

DEFINITIONS

Article-3

GENERAL DEFINITIONS

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

(a) the term "Bangladesh" means the People's Republic of Bangladesh and when used in a geographical sense, the territory in which the Constitution of the People's Republic of Bangladesh is in force, as well as any area adjacent to the territorial waters of Bangladesh specified to be the Continental Shelf and Economic Zone of Bangladesh under any law made in pursuance of Article 143 of the Constitution;

(b) the term "Pakistan" used in a geographical sense means Pakistan as defined in the Constitution of the Islamic Republic of Pakistan and also includes any area outside the territorial waters of Pakistan which under the laws of Pakistan is an area within which the right of Pakistan with respect to the sea bed and sub-soil and their natural resources may be exercised;

(c) the terms "a Contracting State" and "the other Contracting State" mean Bangladesh and Pakistan as the context requires;

(d) the term "person" includes an individual, a company and any other entity or body of persons;

(e) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;

(f) 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;

(g) the term "national" means:

(i) any individual possessing the nationality of a Contracting State;

(ii) any legal person, partnership and association deriving their status as such from the law in force in a Contracting State;

(h) the term "international traffic" means any transport by ship or aircraft operated by an enterprise of a Contracting State except when such ship or aircraft is operated solely between places in the other Contracting State;

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(i) the term "competent authority" means:

(i) in Bangladesh, the National Board of Revenue or their authorised representative, and

(ii) in Pakistan, the Central Board of Revenue.

(2) As regards the application of the Convention by a Contracting State, any term not defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting 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 reasons of his domicile, residence, place of management or any other criterion of a similar nature. But this term does not include any person who is liable to tax in that State in respect only of income from sources in that State.

(2) Where by reason of the provisions of paragraph (1) 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 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 person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident of the State in which its place of effective management is situated.

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Article-5

PERMANENT ESTABLISHMENT

(1) For the purposes of this Convention, the term "permanent establishment" means a fixed place of business in which the business of the enterprise is wholly or partly carried on.

(2) The term "permanent establishment" shall include especially :

(a) a place of management;

(b) a branch;

(c) an office;

(d) a factory;

(e) a workshop;

(f) a warehouse;

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

(h) a building site or construction or assembly project or the like which exists for more than 183 days.

(3) Notwithstanding the provisions of the preceding paragraphs 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 advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character, for the enterprise.

(4) Notwithstanding the provisions of paragraphs (1) and (2), an enterprise of a Contracting State shall be deemed to have a permanent establishment in the other Contracting State if it has in that other State an agent—other than an agent to whom paragraph (5) applies—who

(a) has and habitually exercises a general authority to negotiate and conclude contracts for or on behalf of the enterprise, unless the activities of the agent are limited to the purchase of goods or merchandise for the enterprise; or

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(b) he has no such authority, but habitually maintains in the first mentioned State a stock of goods or merchandise belonging to the enterprise from which he regularly fills orders or makes deliveries on behalf of the enterprise and additional activities conducted in that State on behalf of the enterprise have contributed to the conclusion of the sale of such goods or merchandise.

(5) 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.

(6) 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 make either company a permanent establishment of the other.

CHAPTER III

TAXATION OF INCOME

Article-6

INCOME FROM IMMOVABLE PROPERTY

(1) Income derived by a resident of a Contracting State from immovable property 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, forestry and fishery, 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, boats 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.

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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 estabishment 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 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, as are admissible under the laws of that State.

(4) In so far 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 the Contracting State from determining the profits to be taxed by such apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principle laid down 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 permenent 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.

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Article-8

AIR TRANSPORT

(1) Profits derived by an enterprise of a Contracting State from the operation of aircraft in international traffic shall be taxable in that Contracting State.

(2) The provisions of paragraph (1) shall also apply to profits from the participation in a pool, joint business or an international operating agency.

(3) For the purposes of this Article, profits from the operation of aircraft also include income derived from :

(a) the rental, lease or maintenance of aircraft,

(b) training scheme, management and other services rendered by an air transport enterprise of one Contracting State to the air transport enterprise of the other Contracting State :

Provided that such income accrues to an enterprise of a Contracting State whose income is wholly or mainly derived from the operation of aircraft in international traffic.

Article-9

SHIPPING

(1) Income of an enterprise of a Contracting State derived from the other Contracting State from the operation of ships in international traffic may be taxed in that other Contracting State, but the tax chargeable in that other Contracting State on such income shall be reduced by an amount equal to fifty per cent of such tax.

(2) For the purposes of paragraph (1) of this Article, income derived by an enterprise of a Contracting State from the operation of ships from the other Contracting State shall mean income from the carriage of passengers, mail, livestock or goods shipped in that other Contracting State.

(3) The provisions of paragraph (1) of this Article shall likewise apply in respect of participation in pools of any kind by an enterprise of either Contracting State engaged in shipping.

Article-10

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

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(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-11

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.

(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 15% of the gross amount of such dividends. The provisions of this Article 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 or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights assimilated to income from shares by the taxation law of the State in which the company making the distribution is a resident.

(4) The provisions of paragraphs (1) and (2) shall not apply if the recipient 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 professional 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 a case, the provisions of Article 7 or Article 15, 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 dividends are paid to a resident of that other State or insofar 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

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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-12

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 be taxed in the Contracting State in which it arises, and according to the law of that State; but if a resident of the other Contracting State is the beneficial owner of the interest, the tax so charged shall not exceed 15 per cent of the gross amount of the interest.

(3) Notwithstanding the provisions of paragaph (2) :

(a) the State Bank of Pakistan shall be exempt from Bangladesh tax with respect to interest from sources within Bangladesh;

(b) the Bangladesh Bank shall be exempt from Pakistan tax with respect to interest from sources within Pakistan;

(c) the Government of a Contracting State shall be exempt from the tax of the other Contracting State with respect to interest on loans derived by that Government from sources within that other Contracting State;

(d) any financial institution, other than a scheduled bank, owned or controlled by the Government of a Contracting State shall be exempt from the tax of the other Contracting State with respect to interest on loans derived by that institution from sources within that other Contracting State.

(4) 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, as well as income assimilated to income from money lent by the taxation law of the State in which the income arises. However, the term "interest" does not include for the purposes of this Article penalty charges for late payments nor income dealt with in Article 11.

(5) The provisions of paragraphs (1) and (2) shall not apply if the recipient 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

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permanent establishment or fixed base. In such case, the provisions of Article 7 or Article 15, as the case may be shall apply.

(6) 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 that interest is borne by that permanent establishment or fixed base, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.

(7) Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the interest paid, 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 recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

Article-13

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 beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed 15 per cent of the gross amount of the royalties as defined in paragraph (3).

(3) The term "royalties" as used in this Article means :

(a) payments of any kind received as a consideration for the use of, or the right to use, any copyright, 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 and includes payments of any kind in respect of motion picture films and films or tapes for radio-broadcasting or television, copyright royalties and other like payments in respect of the production or reproduction of any literary, dramatic, musical or artistic work;

(b) payments received as consideration for technical know-how or information concerning industrial, commercial or scientific experience.

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(4) The provisions of paragraphs (1) and (2) shall not apply if the recipient of the royalties arising in the other State, 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 15, 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 fixed base in connection with which the obligation to pay the royalties was incurred, and those royalties are borne by that permanent establishment or fixed base, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.

(6) Where, by reason of a special relationship between the payer and the recipient 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 recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such a case, the excess part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

Article-14

CAPITAL GAINS

(1) Gains derived by a resident of a Contracting State from the alienation of immovable property, as defined in Article 6, or from the alienation of shares in a company the assets of which consist principally of such property, may be taxed in the Contracting State in which such property is situated.

(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 Sate for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base, may be taxed in that other State.

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(3) Notwithstanding the provisions of paragraph (2) of this Article, gains derived by a resident of a Contracting State from the alienation of ships and aircraft operated in international traffic and movable property pertaining to the operation of such ships and aircraft shall be taxable only in that Contracting State.

(4) Gains from the alienation of any property other than those mentioned in paragraphs (1), (2) and (3) of this Article shall be taxable only in the Contracting State of which the alienator is a resident.

Article-15

INDEPENDENT PERSONAL SERVICES

(1) Income derived by a resident of a Contracting State in respect of professional services or other independent activities of a similar character shall be taxable only in that State. However, in the following circumstances, such income may 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 purposes 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 he is present in the other Contracting State for a period or periods amounting to or exceeding in the aggregate 120 days in any fiscal year.

(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-16

DEPENDENT PERSONAL SERVICES

(1) Subject to the provisions of Articles 17, 19 and 20 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 shall be taxable in that other State.

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(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 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 State.

(3) Notwithstanding the preceding provisions of this Article, remuneration in respect of an employment exercised aboard a ship or aircraft operated in international traffic, by an enterprise of a Contracting State shall be taxable in that State.

Article-17

DIRECTORS' FEES

Directors' fees and 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 shall be taxable in that other State.

Article-18

ARTISTES AND ATHLETES

(1) Notwithstanding the provisions of Articles 15 and 16 income derived by public entertainers, such as theatre, motion picture, radio or television artistes, and musicians and by athletes from their personal activities as such shall be taxable in the Contracting State in which these activities are exercised :

Provided that such income shall not be taxable in the said Contracting State if the visit of the public entertainers or athletes to that State is within the scope of a cultural or sports exchange programme agreed to by both the Contracting States.

(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, 15 and 16, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.

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Article-19

PENSIONS AND ANNUITIES

(1) Subject to the provisions of paragraph (2) of Article 20, pensions, annuities and other similar remuneration paid to a resident of a Contracting State in consideration of past employment shall be taxable only in that State.

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

(3) The term "annuity", as used in this Article, means a stated sum payable periodically at stated times, during life or during a specified or ascertainable period of time, under any obligation to make the payments in return for adequate and full consideration in money or money's worth.

Article-20

GOVERNMENT SERVICE

(1)(a) Remuneration, other than a pension, paid 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.

(b) However, such remuneration shall be taxable only in the other Contracting State if the services are rendered in that 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.

(2) (a) Any 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.

(b) However, such pension shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that State.

(3) The provisions of Articles 16, 17 and 19 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.

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Article-21

TEACHERS, STUDENTS AND TRAINEES

(1) Remuneration which a professor or teacher who is, or immediately before was, a resident of a Contracting State and who visits the other Contracting State for a period not exceeding two years for the purposes of teaching at a university, college, school or other educational institution receives for such work shall not be taxed in that other State, in respect of that remuneration.

(2) An individual who was a resident of a Contracting State immediately before visiting the other Contracting State and is temporarily present in that other State solely as a student at a university, college, school or other similar educational institution in that other State or as a business or technical apprentice shall, from the date of his first arrival in that other State in connection with that visit, be exempt from tax in that other State:

(a) on all remittances from abroad for purposes of his maintenance, education or training; and

(b) on any remuneration for personal services rendered in that other Contracting State with a view to supplementing the resources available to him for such purposes for a period not exceeding five years.

(3) An individual who was a resident of a Contracting State immediately before visiting the other Contracting State and is temporarily present in that other State solely for the purpose of study, research or training as a recipient of a grant, allowance or award from a scientific, educational, religious or charitable organisation or under a technical assistance programme entered into by the Government of a Contracting State shall, from the date of his first arrival in that other State in connection with that visit, be exempt from tax in that other State:

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

(b) on all remittance from abroad for the purposes of his maintenance, education or training; and

(c) on any remuneration for personal services rendered in that other Contracting State with a view to supplementing the resources available to him for such purposes for a period not exceeding three years.

Article-22

INCOME NOT EXPRESSLY MENTIONED

Items of income of a resident of a Contracting State which are not expressly mentioned in the forgoing Articles of this Convention shall be taxable only in that Contracting State, except that if such income is derived from sources within the other Contracting State then it may also be taxed in accordance with the laws of that other State.

Article-23

ELIMINATION OF DOUBLE TAXATION

(1) Subject to the provisions of the law of Bangladesh regarding the allowance as a credit against Bangladesh tax of tax payable in a territory outside Bangladesh (which shall not affect the general principle hereof), tax payable under the laws of Pakistan and in accordance with this Convention, whether directly or by deduction, on profits, income or chargeable gains from sources within Pakistan shall be allowed as a credit against any Bangladesh tax computed by reference to the same profits, income or chargeable gains by reference to which the Pakistan tax is computed.

(2) Subject to the provisions of the law of Pakistan regarding the allowance as a credit against Pakistan tax of tax payable in a territory outside Pakistan (which shall not affect the general principle hereof), tax payable under the laws of Bangladesh and in accordance with this Convention, whether directly or by deduction, on profits, income or chargeable gains from sources within Bangladesh shall be allowed as a credit against any tax computed by reference to the same profits, income or chargeable gains by reference to which the Bangladesh tax is computed.

(3) Notwithstanding anything contained in the foregoing paragraphs (1) and (2), where any profits, income or chargeable gains are not subject to tax or are taxed at a reduced rate in one of the Contracting States by virtue of any exemption or concession allowed under the laws of that State or in accordance with this Convention and the same profits, income or chargeable gains are subject to tax in the other Contracting State, credit shall, subject to the laws of that State, be allowed in the latter mentioned State for the whole of the tax which would have been payable on the said profits, income or chargeable gains had the same profits, income or chargeable gains not been exempted from tax or had it not been taxed at a reduced rate in the first-mentioned State.

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) 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 in the same circumstances.

(3) Nothing contained in this Article shall be construed as—

(a) obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, relief and reductions which it grants to its own residents;

(b) affecting any provisions of the tax laws of the respective Contracting States regarding the imposition of tax on non resident persons as such; and

(c) affecting any provisions of the tax laws of the respective Contracting States regarding any tax concessions granted to persons fulfilling specified conditions.

(4) Except where the provisions of Article 9, paragraph (7) of Article 12, or paragraph (6) of Article 13, 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. The provisions of this paragraph shall not affect the application of the national laws of the Contracting States requiring the deduction of tax at source, from interest, royalties and other disbursements as a condition for deduction.

(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) In this Article the term 'taxation' means taxes which are the subject of 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

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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 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 the Convention. Any agreement reached shall be implemented notwithstanding any time limits in the domestic laws 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.

(4) The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs. 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.

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 in so far as the taxation thereunder is not contrary to the Convention. The exchange of information may not be 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 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, or the determination of appeals in relation to, the taxes covered by the 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.

Article-27

DIPLOMATIC AGENTS AND CONSULAR OFFICIALS

Nothing in this Convention shall affect the fiscal privileges of diplomatic or consular officials under the general rules of international law or under the provisions of special agreements.

Article-28

TERRITORIAL EXTENSION

(1) The Convention may be extended, either in its entirety or with any necessary modifications to any State or territory for whose international relations either of the Contracting States is responsible and which impose taxes substantially similar in character to those to which the Convention applies. Any such extension shall take effect from such date and subject to such modifications, if any, and conditions including conditions as to termination, as may be specified and agreed between the Contracting States in notes to be exchanged through diplomatic channels or in any other manner in accordance with their constitutional procedures.

(2) Unless otherwise agreed by both Contracting States, the denunciation of the Convention by one of them under Article 30 shall terminate, in the manner provided for in that Article, the application of the Convention to any State or territory to which it has been extended under this Article.

CHAPTER VI

FINAL PROVISIONS

Article-29

ENTRY INTO FORCE

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

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(2) The Convention shall enter into force upon the exchange of the instruments of ratification and shall have effect as respects income arising or accruing in either of the Contracting States on or after the first day of January, 1980.

Article-30

TERMINATION

This Convention shall remain in effect indefinitely but either Contracting State may, on or before June 30 in any calendar year after the fifth year following the exchange of instrument of ratification, give notice of termination to the other Contracting State and in such event the Convention shall cease to have effect as respects income accruing or arising on or after the first day of July in the calendar year next following that in which the notice of termination is given.

IN WITNESS WHEREOF the undersigned, duly authorized hereto, have signed this Convention.

DONE in duplicate at Dacca this 15th day of October, 1981 One thousand nine hundred and eighty one in the English language.

For the Government of the People's Republic of Bangladesh.

(A. K. AZIZUL HUQ)

For the Government of the Islamic Republic of Pakistan.

(M. HUMAYUN KHAN)

রাষ্ট্রপতির আদেশক্রমে

মোঃ মতিউর রহমান

অতিরিক্ত সচিব।

মোঃ সিদ্দিকুর রহমান, ডেপুটি কন্ট্রোলার, বাংলাদেশ সরকারী মুদ্রণালয়, ঢাকা কর্তৃক মুদ্রিত। খোন্দকার মাহ্‌ফুজাল করিম, ডেপুটি কন্ট্রোলার, বাংলাদেশ ফরমস্‌ ও প্রকাশনী অফিস, তেজগাঁও, ঢাকা কর্তৃক প্রকাশিত।

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