EXCHANGE OF LETTERS BETWEEN TAXATION DEPARTMENT OF MINISTRY OF FINANCE, REPUBLIC OF CHINA AND INLAND REVENUE COMMISSION, REPUBLIC OF SINGAPORE CONSTITUTING AN AGREEMENT FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

Signed and exchanged on December 30, 1981;
Entered into force on January 1, 1982.

I. Letter from Mr. Hsu Tse-Kwag, Commissioner of Inland Revenue of Ministry of Finance, Republic of Singapore, to Mr. Hsuch Chia-Chuen, Director-General of Taxation Department of Ministry of Finance, Republic of China.

December 30, 1981

Dear Mr. Hsueh,

Pursuant to the discussions on the Agreement for the Avoidance of Double Taxation which will apply to our two countries, I would like to confirm the following which references therein:—

(a) Article 2

The tax referred to in paragraph 2 which applies to Singapore is income tax.

(b) Article 3

(i) Paragraph 1 (a) — The terms "a territory" and "the other territory" mean Republic of Singapore or Republic of China, as the context requires.

(ii) Paragraph 1 (e)— The "competent authority" in the Singapore context is the Commissioner of Inland Revenue, Ministry of Finance.

(c) Article 8

"However, the tax so charged shall not exceed 2 per cent of the gross revenues derived from sources in that other territory" referred to in paragraph 2 of Article 8 means that the total amount of income tax, business tax and any taxes that may be raised in future that are in the nature of income tax or business tax shall not exceed 2 per cent of the gross revenues derived from sources in that other territory.

(d) Article 10

中華民國財政部賦稅署與新加坡共和國財政部內地稅署關於避免所得稅雙重課稅及防杜逃稅協定換函

七十年十二月三十日簽換；
七十一年一月一日生效。

甲、新加坡財政部內地稅署徐署長籍光來照（中譯文）

致中華民國財政部賦稅署

署長　薛家椽

逕啓者：

依照貴我雙方有關避免兩國間重複課稅協定之討論，本人茲確認下列有關條文之規定：

㈠第二條。

第二項所規定之稅捐，係指新加坡之所得稅。

㈡第三條。

1. 第一項第一款：所稱「一方領土」及「他方領土」，依其文義，係指新加坡共和國或中華民國。

2. 第一項第五款：所稱「主管機關」，就新加坡文義，係指財政部內地稅署署長。

㈢第八條。

第八條第二項所稱「所課徵之稅，並不得超過源自該他方領土總收益之百分之二」，依指所得稅，營業稅及將來可能課征之具有與所得稅或營業稅同性質之任何租稅，合計不得超過源自該他方領土之收入總額之百分之二。

㈣第十條。

With reference to the dividends tax under paragraph 2 of Article 10 the following illustrate how the tax is arrived at:—

Case I:

	Profits distributed 100%	50%
Profits of a company	$ 100	$ 100
Less: Corporate income tax at 35%	35	35
Balance	$ 65	$ 65
Dividends declared	$ 65	$ 32.5
Maximum dividend tax	$ 5	$ 2.5

Case II:

		100%	50%
Profits of a company		$ 100	$ 100
Less: Corporate income tax at reduced rate (25%)	$ 25		
Tax deemed paid*	10	35	35
Balance		$ 65	$ 65
Add: Tax deemed paid*		10	10
Balance		$ 75	$ 75
Dividends declared		$ 75	$ 37.5
Maximum dividend tax		$ 5	$ 2.5

* Tax would have been paid but for the reduction of tax rate under the laws designed to promote economic development.

In other words, the total tax burden of corporate income tax and dividends tax shall not exceed 40 per cent of the income or profits of the company out of which the dividends are declared. This principle would similarly apply where only part of the income or profits of the company is declared as dividends.

(e) Article 22

The Agreement shall be effective in Singapore for income accrued or derived on or after 1st January, 1982.

(f) Article 23

In the event of notice of termination being given in any calendar year, the Agreement shall cease to be effective in Singapore for income accrued or derived on or after 1st January of the calendar year following the year in which the notice of termination is given.

2. I am pleased to confirm my acceptance of the Agreement for the Avoidance of Double Taxation, which forms the Annex to this Exchange of Letters and which has been initialled by you and me, to be applicable to Singapore.

3. I shall be pleased to receive similar confirmation from you.

第十條第二項有關股利之課稅規定，設例說明其稅額之計算如次：

例一：

	分配之利潤 100%	50%
公司之利潤	$ 100	$ 100
減：35%稅率核計之公司所得稅	35	35
餘額	$ 65	$ 65
分配股利	$ 65	$ 32.5
股利之納稅限額	$ 5	$ 2.5

例二：

		100%	50%
公司之利潤		$ 100	$ 100
減：按優惠稅率(25%)核計之所得稅	$ 25		
視同已納之稅款*	10	35	35
餘額		$ 65	$ 65
加：視同已納之稅款*		10	10
餘額		$ 75	$ 75
分配股利		$ 75	$ 37.5
股利之納稅限額		$ 5	$ 2.5

* 依據為促進經濟發展所制定之法律規定，所減免之稅額。

易言之，公司所得稅及對股利所課征之稅，合計不得超過該公司用以分配股利之所得或利潤數額之百分之四十。此項原則，對於公司僅將其部分所得或利潤分配股利之情況，同樣適用。

(五)第二十二條。

就新加坡而言，本協定對於自一九八二年一月一日起發生於或源自新加坡之所得生效。

(六)第二十三條。

終止通知在任一曆年度提出後，在新加坡而言，本協定對於次一年度之一月一日起發生於或源自新加坡之所得應終止有效。

2.本人茲確認接受本函所附業經貴我雙方草簽之避免重複課稅協定，並將適用於新加坡。

3.本人並請貴方惠示相同之確認。

Yours sincerly
Hsu Tse-Kwang
Commissioner of Inland Revenue
Ministry of Finance
Republic of Singapore

新加坡財政部內地稅署署長
徐 籍 光（簽字）

Mr. Hsueh Chia-Chuen
Director-General
Department of Taxation
Ministry of Finance
Republic of China

中華民國財政部賦稅署長
薛 家 椽

II. Letter from Mr. Hsueh Chia-Chuen, Director-general of Taxation Department of Ministry of Finance, Republic of China, to Mr. Hsu Tse-Kwang, Commissioner of Inland Revenue of Ministry of Finance Republic of Singapore.
December 30, 1981

乙、中華民國財政部賦稅署署長薛家椽覆新加坡財政部內地稅署署長徐籍光照會（中譯文）
致新加坡共和國財政部內地稅署署長徐籍光

Dear Mr. Hsu,

逕啓者：

I acknowledge the receipt of your letter of December 30, 1981, and would like to confirm the following which have references in the Agreement for the Avoidance of Double Taxation between our two countries:—

接准大函，茲確認貴我兩國有關避免重複課稅協定中下列有關條文之規定：

(a) Article 2

The tax referred to in paragraph 2 which applies to Republic of China is income tax.

㈠第二條。

第二項所規定之稅捐，係指中華民國之所得稅。

(b) Article 3

(i) Paragraph 1 (a)—The terms "a territory" and "the other territory" mean Republic of Singapore or Republic of China, as the context requires.

(ii) Paragraph 1 (e)—The "competent authority" in the context of Republic of China is the Director-General, Department of Taxation. Ministry of Finance.

㈡第三條。

1. 第一項第一款：所稱「一方領土」及「他方領土」，依其文義，係指中華民國或新加坡共和國。

2. 第一項第五款：所稱「主管機關」，就中華民國文義，係指財政部賦稅署署長。

(c) Article 8

"However, the tax so charged shall not exceed 2 per cent of the gross revenues derived from sources in that other terroitory" referred to in paragraph 2 of Article 8 means that the total amount of income tax, business tax and any taxes that may be raised in future that are in the nature of income tax or business tax shall not exceed 2 per cent of the gross revenues derived from sources in that other territory.

㈢第八條

第八條第二項所稱「所課徵之稅，並不得超過源自該他方領土總收益之百分之二」，係指所得稅、營業稅及將來可能課徵之具有與所得稅或營業稅同性質之任何租稅，合計不得超過源自該他方領土之收入總額之百分之二。

(d) Article 10

With reference to the dividends tax under paragraph 2 of Article 10 the following illustrate how the tax is arrived at:

Case I:

	Profits distributed 100%	50%
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Balance		$ 75	$ 75
Dividends declared		$ 75	$ 37.5
Maximum dividend tax		$ 5	$ 2.5

* Tax would have been paid but for the reduction of tax rate under the laws designed to promote economic development.

In other words, the total tax burden of corporate income tax and dividends tax shall not exceed 40 per cent of the income or profits of the company out of which the dividends are declared. This principle would similarly apply where only part of the income or profits of the company is declared as dividends.

(e) Article 22

The Agreement shall be effective in the Republic of China for income accrued or derived on or after 1st January, 1982.

(f) Article 23

In the event of notice of termination being given in any calendar year, the Agreement shall cease to be effective in the Republic of China for income accrued or derived on or after 1st January of the calendar year following the year in which the notice of termination is given.

2. I am pleased to confirm my acceptance of the Agreement for the Avoidance of Double Taxation,

㈣第十條

第十條第二項有關股利之課稅規定，設例說明其稅額之計算如次：

例一：

	分配之利潤 100%	50%
公司之利潤	$ 100	$ 100
減 35%稅率核計之公司所得稅	35	35
餘額	$ 65	$ 65
分配股利	$ 65	$ 32.5
股利之納稅限額	$ 5	$ 2.5

例二：

		100%	50%
公司之利潤		$ 100	$100
減：按優惠稅率(25%)核計之所得稅	$ 25		
視同已納之稅款*	10	35	35
餘額		$ 65	$ 65
加：視同已納之稅款*		10	10
餘額		$ 75	$ 75
分配股利		$ 75	$ 37.5
股利之納稅限額		$ 5	$ 2.5

* 依據為促進經濟發展所制定之法律規定，所減免之稅額。

易言之，公司所得稅及對股利所課徵之稅，合計不得超過該公司用以分配股利之所得或利潤數額之百分之四十。此項原則，對於公司僅將其部分所得或利潤分配股利之情況，同樣適用。

㈤第二十二條

就中華民國而言，本協定對於自一九八二年一月一日起發生於或源自中華民國之所得生效。

㈥第二十三條

終止通知在任一曆年度提出後，在中華民國而言，本協定對於次一年度之一月一日起發生於或源自中華民國之所得應終止有效。

本人茲確認接受本函所附業經

which forms the Annex to this Exchange of Letters and which has been initialled by you and me, to be applicable to the Republic of China.

Yours sincerely
Hsueh Chia-chuen
Director-General
Department of
Taxation
Ministry of
Finance
Republic of
China

Mr. Hsu Tse-Kwang
Commissioner of Inland Revenue
Ministry of Finance
Repuplic of Singapore

貴我兩方草簽之避免重複課稅協定，並適用於中華民國。

中華民國財政部賦稅署署長
薛 家 椽（簽字）

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

ARTICLE 1

PERSONAL SCOPE

This Agreement shall apply to persons who are residents of one or both of the territories.

ARTICLE 2

TAXES COVERED

1. This Agreement shall apply to taxes on income imposed in each territory irrespective of the manner in which they are levied.

2. The existing taxes which are the subject of this Agreement are taxes on income as specified in the Exchange of Letters.

3. This Agreement shall also apply to any other taxes of a substantially similar character which are subsequently imposed in addition to, or in place of, the existing taxes.

4. If by reason of changes made in the taxation law of either territory, it seems desirable to amend any article of this Agreement without affecting the general principles thereof the necessary amendments may be made by mutual consent by means of an exchange of letters.

ARTICLE 3

GENERAL DEFINITIONS

1. In this Agreement, unless the context otherwise requires:

(a) the terms "a territory" and "the other territory" are defined in the Exchange of Letters;

(b) the term "person" comprises an individual, a company and any other body of persons which is treated as an entity for tax purposes;

(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 territory"

and "enterprise of the other territory" mean respectively an enterprise carried on by a resident of a territory and an enterprise carried on by a resident of the other territory;

(e) the term "competent authority" is defined in the Exchange of Letters;

(f) the term "income or profits of an enterprise" does not include rents or royalties in respect of literary or artistic copyrights, motion picture films or of tapes for television or broadcasting, or of mines, oil wells, quarries or other places of extraction of natural resources or of timber or forest produce, or income in the form of dividends, interest, rents, royalties or fees or other remuneration derived 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 derived from the operation of ships or aircraft.

2. As regards the application of this Agreement in either territory, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws in that territory relating to the taxes which are the subject of this Agreement.

ARTICLE 4

FISCAL DOMICILE

1. For the purposes of this Agreement, the term "resident of a territory" means any person who is a resident in accordance with the tax laws in that territory.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both territories, then his case shall be determined in accordance with the following rules:

(a) he shall be deemed to be a resident of the territory in which he has a permanent home available to him. If he has a permanent home avilable to him in both territories, he shall be deemed to be a resident of the territory with which his personal and economic relations are closer (centre of vital interests);

(b) if the territory 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 territory, he shall be deemed to be a resident of the territory in which he has an habitual abode;

(c) if he has an habitual abode in both territories or in neither of them, the competent authorities of the territories 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 territories, then it shall be deemed to be a resident of the territory in which the control and management of its business is exercised.

ARTICLE 5

PERMANENT ESTABLISHMENT

1. For the purposes of this Agreement, 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 mine, oil well, quarry or other place of extraction of natural resources;

(g) a plantation, farm, orchard or vineyard;

(h) building site, construction, installation and assembly project which exist in the aggregate for more than six months in a calendar year or for more than six consecutive months overlapping two calendar years.

3. The term "permanent establishment"

shall not be deemed 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 for 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. An enterprise of a territory, notwithstanding it has no fixed place of business in the other territory, shall be deemed to have a permanent establishment in that other territory if it carries on supervisory activities therein in connection with construction installation and assembly project which are being undertaken in that other territory in the aggregate for more than six months in a calendar year or for more than six consecutive months overlapping two calendar years.

5. A person acting in a territory on behalf of an enterprise of the other territory (other than an agent of an independent status to whom paragraph 6 applies) notwithstanding he has no fixed place of business in the first mentioned territory shall be deemed to be a permanent establishment in that territory if

(a) he has, and habitually exercises a general authority in the first-mentioned territory to conclude contracts in the name of the enterprise; or

(b) he maintains in the first-mentioned territory a stock of goods or merchandise belonging to the enterprise from which he regularly fills orders on behalf of the enterprise; or

(c) he regularly secures orders in the first-mentioned territory wholly or almost wholly for the enterprise.

6. An enterprise of a territory shall not be deemed to have a permanent establishment in the other territory merely because it carries on business in that other territoy through a broker, general commission agent or any other agent of an independent status, where such persons are acting in the ordinary course of their business.

7. The fact that a company which is a resident of a territory controls or is controlled by a company which is a resident of the other territory, or which carries on business in that other territory (whether through a permanent establishment or otherwise), shall not of itself constitute for either company a permanent establishment of the other.

ARTICLE 6

INCOME FROM IMMOVABLE PROPERTY

1. Income from immovable property may be taxed in the territory in which such property is situated.

2. The term "immovable property" shall be defined in accordance with the law in the territory in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships, 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 professional services.

ARTICLE 7

BUSINESS PROFITS

1. The profits of an enterprise of a territory shall be taxable only in that territory unless the enterprise carries on business in the other territory 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 territory but only so much of them as is attributable to that permanent establishment.

2. Where an enterprise of a territory carries on business in the other territory through a permanent establishment situated therein, there shall in each territory be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment including executive and general administrative expenses so incurred, whether in the territory 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 (including transportation) by that permanent establishment of goods or merchandise for the enterprise.

5. Where profits include items of income which are dealt with separately in other Articles of this Agreement, then the provisions of those Articles shall not be affected by the provisions of this Article.

ARTICLE 8

SHIPPING AND AIR TRANSPORT

1. Notwithstanding the provisions of Article 7 of this Agreement. the income or profits of an enterprise of one of the territories from the operation of aircraft in international traffic shall be exempt from income tax, business tax and any taxes that may be raised in the future that are in the nature of income tax or business tax in the other territory.

2. The income or profits of an enterprise of one of the territories from the operation of ships in international traffic may be taxed in the other territory, but only in so far as such profits are derived from that other territory. However, the tax so charged shall not exceed 2 per cent of the gross revenues derived from sources in that other territory.

3. The provisions of paragraphs 1 and 2 shall likewise apply to income or profits arising from participation in shipping or aircraft pools of any kind by such enterprise engaged in shipping or air transport.

ARTICLE 9

ASSOCIATED ENTERPRISES

Where

(a) an enterprise of a territory 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 a territory and an enterprise of the other territory,

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 10

DIVIDENDS

1. Dividends arising in a territory and paid to a resident of the other territory may be taxed in that other territory.

2. However, such dividends may be taxed in the territory in which they arise, and according to the law of that territory, but if the recipient who is a resident of the other territory beneficially owns the dividends, the tax so charged shall not exceed an amount which together with the corporate income tax payable on the profits of the company paying the dividends constitute 40 per cent of that part of the taxable income out of which the dividends are declared. The term "corporate income tax payable" shall be deemed to include the corporate income tax which would have been paid but for the reduction or exemption under the laws designed to promote economic development.

3. Where no dividend tax is imposed in addition to the corporate income tax on the profits of the company, the provisions of paragraph 2 shall not apply.

4. The term "dividends" as used in this Article means income from shares, mining shares, founders' shares or other right not being debt claims, participating in profits, as well as income from other corporate rights which is subject to the same taxation treatment as income from shares according to the taxation law in the territory of which the company making the distribution is a resident.

5. The provisions of paragraph 2 shall not apply if the beneficial owner of the dividends, being a resident of a territory, has in the other territory, of which the company paying the dividends is a resident, a permanent establishment with which the holding by virtue of which the dividends are paid is effectively connected. In such a case, the provisions of Article 7 shall apply.

6. Where a company which is a resident of a territory derives profits or income from the other territory, no tax may be imposed in that other territory on the dividends paid by the company except insofar as such dividends are paid to a resident of that other territory or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment in that other territory, or on the company's undistributed profits even if the dividends paid or undistributed profits consist wholly or partly of profits or income arising in such other territory.

7. Dividends shall be deemed to arise in a territory if it is paid by a company resident in that territory

ARTICLE 11

ROYALTIES

1. Royalties arising in a territory and paid to a resident of the other teritory may be taxed in that other territory.

2. However, such royalities may be taxed in the territory in which they arise and according to the law of that territory, but if the recipient who is a resident of the other territory beneficially owns the royalties, the tax so charged shall not exceed 15 per cent of the gross amount of the royalties. The competent authorities of the territories shall by mutual agreement settle the mode of application of this limitation.

3. The provisions of paragraph 2 of this Article shall likewise apply to proceeds arising from the alienation of any copyright of scientific work, any patent, trade mark, design or model, plan, or secret formula or process.

4. 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 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 equpipment, or for information concerning industrial or scientific experience.

5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a territory, has in the other territory in which the royalties arise, a permanent establishment with which the right or property in respect of which the royalties are paid is effectively connected. In such a case, the provisions of Article 7 shall apply.

6. Where, owing to a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties paid, 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 a case, the excess part of the payments shall remain taxable according to the law of each territory, due regard being had to the other provisions of this Agreement.

7. Royalties shall be deemed to arise in a territory when the payer is a resident of that territory. Where, however, the person paying the royalties, whether he is a resident of a territory or not, has in a territory a permanent establishment in connection with which the obligation to pay the royalties was incurred, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the territory in which the permanent establishment is situated.

ARTICLE 12

PERSONAL SERVICES

1. Subject to the provisions of Articles 13, 14, 15 and 16, salaries, wages and other similar remuneration or income for personal (including professional) services derived by a resident of a territory, shall be taxable only in that territory, unless the services are perfomed in the other territory. If the services are so performed, such remuneration or income as is derived therefrom may be taxed in that other territory.

2. Notwithstanding the provisions of paragrah 1, remuneration or income derived by a resident of a territory for personnal (including professional) services performed in the other territory shall be exempt from tax of that other territory if—

(a) the recipient is present in the other territory for a period or periods not exceeding in the aggregate 183 days in the calendar year concerned; and

(b) the remuneration or income is paid by or on behalf of a person who is a resident of the first-mentioned territory; and

(c) the remuneration or income is not borne by a permanent establishent which that person has in the other territory.

3. A resident of a territory shall be exempt from tax in the other territory on remuneration for services performed on ships or aircraft in international traffic.

ARTICLE 13

DIRECTORS' FEES

1. Directors' fees and similar payments derived by a resident of a territory in his capacity as a member of the board of directors of a company which is a resident of the other territory may be taxed in that other territory.

2. The remuneration which a person to whom paragraph 1 applies derives from the company in respect of the discharge of day-to-day functions of a managerial or technical nature may be taxed in accordance with the provisions of Article 12.

ARTICLE 14

ARTISTES AND ATHLETES

1. Notwithstanding the provisions of Article 12, income derived by entertainers, such as theatre, motion picture, radio or television, artistes, and musicians, and by athletes, from their personal activities as such may be taxed in the terriory in which these activities are exercised.

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 Articies 7 and 12, be taxed in the territory in which the activities of the entertainer or athlete are exercised.

3. The provisions of paragraph 1 shall

not apply to remuneration or profits, salaries, wages and similar income derived from activities exercised in a territory by public entertainers if the visit to that territory is substantially supported by public funds as recognised by the competent authorities of both territories.

4. Notwithstanding the provisions of Article 7, where the activities mentioned in paragraph 1 are provided in a territory by an enterprise of the other territory the profits derived from providing these activities by such an enterprise may be taxed in the first-mentioned territory unless the enterprise is substantially supported from the public funds as recognised by the competent authorities of both territories in connection with the provisions of such activities.

ARTICLE 15

TEACHERS

1. An individual who is a resident of a territory immediately before making a visit to the other territory, and who, at the invitation of any university, college, school or other similar educational institution, which is recognised by the competent authority in that other territory, visits that other territory for a period not exceeding two years solely for the purpose of teaching or research or both at such educational institution shall be exempt from tax in that other territory on his remuneration for such teaching or research.

2. The provisions of paragraph 1 shall not apply where his visit, under one or more contracts with the educational institutions of the other territory, exceeds two years.

ARTICLE 16

STUDENTS AND TRAINEES

1. An individual, who immediately before visiting a territory, is a resident of the other territory and is temporarily present in the first-mentioned territory for the primary purpose of—

(a) studying at a university, college or school in the first-mentioned territory, or

(b) securing training required to qualify him to practise a profession or a professional specialty,

shall be exempt from tax in that territory in respect of—

(i) remittances from the other territory for the purpose of his maintenance, study or training; and

(ii) any remuneration for personal services rendered in the first-mentioned territory with a view to supplementing the resources available to him for such purposes in an amount not exceeding 5,000 Singapore dollars or 90,000 NT dollars in any calendar year.

2. An individual, who immediately before visiting a territory, is a resident of the other territory and is temporarily present in the first-mentioned territory for the primary purpose of study, research or training solely as a recipient of a grant, allowance or award from the Government or a scientific, educational, religious or charitable organisation of one of the territories, shall be exempt from tax in the first-mentioned territory in respect of—

(a) remittances from the other territory for the purposes of his maintenance, study, research or training; and

(b) the amount of such grant, allowance or award; and

(c) any remuneration for personal services rendered in the first-mentioned territory provided such services are in connection with his study, research or training or incidental thereto in an amount not exceeding 5,000 Singapore dollars or 90,000 NT dollars in any calendar year.

3. An individual, who immediately before visiting a territory, is a resident of the other territory and is temporarily present in the first-mentioned territory for a period not exceeding twelve months solely as an employee of, or under contract with, the Government or an enterprise of the second-mentioned territory for the purpose of acquiring technical, professional or business

experience shall be exempt from tax in the first-mentioned territory on—

(a) all remittances from the second-mentioned territory for the purposes of his maintenance, education or training; and

(b) any remuneration for personal services rendered in the first-mentioned territory, provided such services are in connection with his studies or training or are incidental thereto, in an amount not exceeding 15,000 Singapore dollars or 270,000 NT dollars.

ARTICLE 17

LIMITATION OF RELIEF

Where this Agreement provides (with or without other conditions) that income from sources in a territory shall be exempt from tax, or taxed at a reduced rate in that territory and under the laws in force in the other territory the said income is subject to tax by reference to the amount thereof which is remitted to or received in that other territory and not by reference to the full amount thereof, then the exemption or reduction of tax to be allowed under this Agreement in the first-mentioned territory shall apply to so much of the income as is remitted to or received in that other territory.

ARTICLE 18

ELIMINATION OF DOUBLE TAXATION

1. Subject to the tax laws in either territory regarding the allowance as a credit against tax payable in that territory of tax payable outside that territory, tax payable in a territory in respect of income derived from that territory shall be allowed as a credit against tax payable in the other territory in respect of that income. Where such income is a dividend paid by a company which is a resident of a territory to a company which is a resident of the other territory and which owns not less than 25 per cent of the share capital of the company paying the dividend, the credit shall take into account tax payable by the first-mentioned company in respect of its income. The credit shall not, however, exceed that part of the tax payable in that other territory as computed before the credit is given, which is appropriate to such item of income.

2. The term "tax payable in a territory" shall be deemed to include the amount of tax which would have been paid if the tax had not been exempted or reduced in accordance with laws designed to promote economic development in that territory, effective on the date of the Exchange of Letters, or which may be introduced in future in the taxation laws in that territory in modification of, or in addition to, the existing laws.

ARTICLE 19

NON-DISCRIMINATION

1. The nationals of a territory shall not be subjected in the other territory 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 territory in the same circumstances are or may be subjected. This provision shall not be construed as obliging the competent authority of a territory to grant to nationals of the other territory not resident in the first-mentioned territory those personal allowances, reliefs and reductions for tax purposes which are by law available only to nationals of the first-mentioned territory or to such other persons as may be specified therein who are not resident in that territory.

2. The term "nationals" means all individuals possessing the nationality of either territory and all legal persons, partnerships, associations and other entities deriving their status as such from the laws in force in that territory.

3. The taxation on a permanent establishment which an enterprise of a territory has in the other territory shall not be less favourably levied in that other territory than the taxation levied on enterprises of that other territory carrying on the same activities.

4. The provisions of this Article shall

not be construed as obliging the competent authority of a territory to grant to residents of the other territory any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which are granted to the residents of the first-mentioned territory.

5. Enterprises of a territory, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other territory, shall not be subjected in the first-mentioned territory 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 first-mentioned territory are or may be subjected.

6. In this Article the term "taxation" means taxes which are the subject of this Agreement.

ARTICLE 20

MUTUAL AGREEMENT PROCEDURE

1. Where a resident of a territory considers that the actions of one or both of the competent authorities result or will result for him in taxation not in accordance with this Agreement, he may, notwithstanding the remedies provided by the national laws of those territories, present his case to the competent athority of the territory of which he is a resident. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of this Agreement.

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 an appropriate solution, to resolve the case by mutual agreement with the competent authority of the other territory, with a view to the avoidance of taxation not in accordance with the Agreement.

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

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

ARTICLE 21

EXCHANGE OF INFORMATION

1. The competent authorities of the territories shall exchange such information as is necessary for carrying out the provisions of this Agreement and of the domestic laws of the territories concerning taxes covered by this Agreement insofar as the taxation thereunder is in accordance with this Agreement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons or authorities other than those concerned with the assessment or collection of the taxes which are the subject of this Agreement.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on one of the competent authorities the obligation:

(a) to carry out administrative measures at variance with the laws or the administrative practice of that or of the other territory;

(b) to supply particulars which are not obtainable under the laws or in the normal course of the administration of that or of the other territory;

(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 22

ENTRY INTO FORCE

1. This Agreement shall be approved by the competent authorities in accordance with

their respective legal procedures, and shall enter into force on the date of the Exchange of Letters.

2. The Agreement shall be effective for income accrued or derived on or after the date as indicated in the Exchange of Letters.

ARTICLE 23

TERMINATION

This Agreement shall remain in force indefinitely but either of the competent authorities may terminate the Agreement by giving to the other competent authority written notice of termination on or before the 30th day of June in any calendar year not earlier than the year 1986. In such event, the Agreement shall cease to be effective for income accrued or derived on or after lst January of the calendar year following the year in which the notice of termination is given.

Initialled at Taipei this 30th day of December, 1981.

(Signed)
HSUEH CHIA-CHUEN
Director-General
Department of Taxation
Repulbic of China

(Signed)
HSU TSE-KWANG
Commissioner of
Inland Revenue
Republic of Singapore