

No. 7460

**ISRAEL
and
FRANCE**

Convention for the avoidance of double taxation and the establishment of rules for reciprocal administrative assistance with respect to taxes on income. Signed at Paris, on 20 August 1963

Official texts: Hebrew and French.

Registered by Israel on 18 November 1964.

**ISRAËL
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Convention tendant à éviter les doubles impositions et à établir des règles d'assistance administrative réciproque en matière d'impôts sur le revenu. Signée à Paris, le 20 août 1963

Textes officiels hébreu et français.

Enregistré par Israël le 18 novembre 1964.

[TRANSLATION — TRADUCTION]

No. 7460. CONVENTION¹ BETWEEN ISRAEL AND FRANCE
FOR THE AVOIDANCE OF DOUBLE TAXATION AND
THE ESTABLISHMENT OF RULES FOR RECIPROCAL
ADMINISTRATIVE ASSISTANCE WITH RESPECT TO
TAXES ON INCOME. SIGNED AT PARIS, ON 20 AU-
GUST 1963

The Government of the State of Israel and the Government of the French Republic, desiring to avoid double taxation with respect to taxes on income, with a view in particular to encouraging international trade and investment, and to establish rules for administrative assistance, have for that purpose agreed upon the following provisions :

Article 1

1. The existing taxes to which this Convention applies are :

A. In the case of Israel :

- (1) The income tax ;
- (2) The company tax ;
- (3) The tax on gains from the sale of land under the Land Value Improvement Tax Law.

B. In the case of France :

- (1) The tax on the income of individuals ;
- (2) The complementary tax ;
- (3) The tax on the profits of companies and other bodies corporate.

2. This Convention shall also apply to any identical or similar taxes which are subsequently imposed in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other, at the end of each fiscal year, of any changes which have been made in their taxation laws.

3. If the taxation laws of either State are amended in a manner substantially affecting the nature, character or rate of the taxes referred to in paragraph (1) of this article, the competent authorities of the Contracting States shall agree on such action as may be necessary.

¹ Came into force on 1 September 1964, the first day of the month following the exchange of notifications, which took place at Paris on 31 August 1964, confirming completion of the respective constitutional formalities, in accordance with article 27 (2).

Article 2

1. For the purposes of this Convention :

(1) The term "France" means Metropolitan France and the overseas departments (Guadeloupe, Guiana, Martinique and Réunion).

The term "Israel" means the State of Israel.

(2) The term "person" means :

- (a) Any individual ;
- (b) Any body corporate ;
- (c) Any unincorporated group of individuals.

(3) (a) For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the law of that State, is liable to taxation therein by reason of his domicile, residence, place of management or any other similar criterion.

(b) Where, by reason of the provisions of the preceding sub-paragraph (a), an individual is deemed to be a resident of both Contracting States, the case shall be resolved in accordance with the following rules :

- (aa) He shall be deemed to be a resident of the Contracting State in which he has a permanent home available to him. If he has a permanent home available to him in both Contracting States, he shall be deemed to be a resident of the Contracting State with which he has the closer personal and economic ties (centre of vital interests) ;
- (bb) If the Contracting State in which he has his centre of vital interests cannot be determined, or if he has no permanent home available to him in either Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode ;
- (cc) If he has an habitual abode in both Contracting States or in neither of them, the competent authorities of the Contracting States shall determine the question by agreement.

(c) Where, under the provisions of sub-paragraph (a) above, a body corporate is a resident of both Contracting States, then it shall be deemed to be a resident of the Contracting State in which its place of actual management is situated. The same shall apply to partnerships and associations which are not bodies corporate under the national laws by which they are governed.

(4) Within the meaning of this Convention, the place of actual management of an enterprise is the centre of general management of its business.

(5) The term "French enterprise" means an industrial or commercial enterprise carried on by a resident of the French Republic.

The term "Israel enterprise" means an industrial or commercial enterprise carried on by a resident of Israel.

The terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean a French enterprise or an Israel enterprise, as the context requires.

(6) The term "permanent establishment" means a fixed place of business in which the business of the enterprise is wholly or partly carried on.

(a) The following shall, in particular, be deemed to be permanent establishments :

(aa) A place of management ;

(bb) A branch ;

(cc) An office ;

(dd) A factory ;

(ee) A workshop ;

(ff) A mine, quarry or other place of extraction of natural resources ;

(gg) A building site or construction or assembly project which exists for more than twelve months.

(b) The term "permanent establishment" shall not be deemed to include :

(aa) The use of facilities solely for the purpose of storage, display or delivery of merchandise belonging to the enterprise ;

(bb) The maintenance of a stock of merchandise belonging to the enterprise solely for the purpose of storage, display or delivery ;

(cc) The maintenance of a stock of merchandise belonging to the enterprise solely for the purpose of processing by another enterprise ;

(dd) The maintenance of a fixed place of business solely for the purpose of purchasing merchandise, or for collecting information, for the enterprise ;

(ee) 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.

(c) A person acting in a Contracting State on behalf of an enterprise of the other Contracting State—other than an agent of independent status to whom sub-paragraph (e) below applies—shall be deemed to be a "permanent establishment" in the first-mentioned State if he has, and habitually exercises in that State, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of merchandise for the enterprise.

(d) An insurance enterprise of a Contracting State shall be deemed to have a permanent establishment in the other State if it collects premiums in the territory of that State or insures risks situated therein through a representative who does not fall within the category of persons referred to in sub-paragraph (e) below.

(e) An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in

that other State through a broker, general commission agent or any other agent of independent status, where such persons are acting in the ordinary course of their business.

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

(7) The term "competent authorities" means : in the case of Israel, the Minister of Finance or his duly authorized representative ; in the case of France, the Minister of Finance and Economic Affairs or his duly authorized representative.

2. In the application of this Convention by one of the Contracting States, any term not defined in this Convention shall unless the context otherwise requires have the meaning which it has under the laws in force in that State relating to the taxes which are the subject of this Convention.

Article 3

1. Income from immovable property shall be taxable only in the Contracting State in which such property is situated.

2. The term "immovable property" shall be defined in accordance with the laws 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 of agricultural and forestry enterprises, 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 mineral deposits, mineral springs and other mineral resources ; ships, boats and aircraft shall not be regarded as immovable property.

3. The provisions of paragraphs (1) and (2) above shall apply to income derived from the direct use of immovable property or from the letting or use in any other form of such property, including income from agricultural or forestry enterprises. They shall likewise apply to profits from the alienation of immovable property.

4. The provisions of paragraphs 1-3 above shall also apply to the income from immovable property of any enterprises other than agricultural or forestry enterprises and to income from immovable property used for the performance of professional services.

Article 4

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

through a permanent establishment situated therein. If the enterprise carries on a trade or business as aforesaid, tax may be imposed in the other State on the profits of the enterprise but only on so much of them as is attributable to that permanent establishment.

2. Where an enterprise of a Contracting State carries on a trade or business in the other State through a permanent establishment situated therein, there shall in each 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 quite 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 the expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

4. 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 of this article shall preclude such Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles 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 merchandise of the enterprise.

6. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason for determining them otherwise.

Article 5

Where

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

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those con-

ditions, 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 6

Profits from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of actual management of the enterprise is situated.

Article 7

1. Income derived from the alienation of an interest in a joint-stock company shall be taxable only in the Contracting State of which the alienor is a resident.

2. Paragraph 1 shall not apply where the interest alienated forms part of the assets of a permanent establishment in the other State owned by the alienor. In this case, article 4 shall apply.

Article 8

1. Companies resident in Israel which maintain a permanent establishment in France shall be liable in France, in respect of profits distributed by them, to deduction at the source of the tax on the income of individuals in the manner prescribed by article 109-2 of the General Tax Code.

The fraction of the distributed profits actually liable to such deduction of tax may not, however, exceed the amount of the profits realized by the permanent establishment in France as determined for the assessment of the tax on the profits of companies payable by that establishment in accordance with the provisions of this Convention.

2. A company resident in Israel shall not be liable in France to deduction of tax as provided in paragraph 1 above by reason of its participation in the management or in the capital of a company resident in France or because of any other relationship with that company; nevertheless, the profits distributed by the latter company which are liable to such deduction shall be increased, for the assessment of the tax to be deducted, by the profits or advantages, if any, which the company resident in Israel has indirectly derived from the company resident in France, as provided in article 5 above, double taxation of those profits and advantages being avoided in accordance with the provisions of article 20.

Article 9

1. In France, the rate of the tax on the income of individuals deducted at the source on income from securities (*valeurs mobilières*) as defined in paragraph 3 below

shall not exceed 15 per cent, where the income accrues to a resident of Israel having no permanent establishment in France with which the interests producing the income are connected.

However, the rate shall not exceed 10 per cent on dividends distributed by a company resident in France to a company resident in Israel which has held for a year registered stock or partnership shares representing at least 50 per cent of the capital of the former company, unless such stock or partnership shares are connected with the operation of a permanent establishment which the company receiving the dividends possesses in France.

2. Income from securities derived from sources in Israel by a resident of France not possessing in Israel a permanent establishment with which the interests producing the income are connected shall be exempt in France from deduction at the source of the tax on the income of individuals in respect of income from securities as defined in paragraph 3 below, where Israel income tax has been levied on such income. It shall likewise be exempt from such deduction when it is exempted from the Israel income tax under sections 11 and 15 of the Encouragement of Capital Investments Law, 5710-1950, as amended, or sections 46, 47, 47 A, 48 and 53 of the Encouragement of Capital Investments Law, 5719-1959, as amended.

3. The expression "income from securities" means income from shares, founders' shares (*parts de fondateur, parts bénéficiaires*) and shares in private limited companies. The expression also includes, in the case of France, income from *commandite* interests (*parts de commandite*) in *commandite* partnerships (*sociétés en commandite simple*).

Article 10

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, the Contracting State in which the interest paid to a resident of the other Contracting State arises has the right to tax such interest. If it exercises that right, the rate of the tax which it charges may not exceed 15 per cent of the amount of the interest. The competent authorities of the two States shall by agreement settle the mode of application of this limitation.

3. The term "interest" as used in this article means income from Government securities (*fonds publics*), bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, and debt-claims of every kind, as also all other income assimilated by taxation law to income from money lent.

4. The provisions of the preceding paragraphs shall not apply if the recipient of the interest, being a resident of a Contracting State, has in the other Contracting State in which the interest arises a permanent establishment with which the debt-

claim from which the interest arises is actually connected. In such a case, article 4 concerning the allocation of profits to permanent establishments shall apply.

5. Interest shall be deemed to arise in a Contracting State where the payer is that State itself or a political sub-division, local authority or 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 for the requirements of which the loan on which the interest is paid was effected, and the interest is borne by that permanent establishment, then the interest shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

6. 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 apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the Contracting States' own laws, due regard being had to the other provisions of this Convention.

Article 11

1. Royalties and other payments received as consideration for the use of, or for the right to use, any patent, trade mark, design or model, plan, secret formula or process, or any similar property or right derived from sources within the territory of a Contracting State by a resident of the other State shall be taxable in the first-mentioned State at a rate not exceeding 10 per cent.

2. The royalties referred to in the preceding paragraph shall be deemed to include sums paid for the rental of, or for the right to use, cinematograph films, and rentals and similar remuneration for the use of, or for the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.

3. Royalties received as consideration for the use of, or for the right to use, any copyright of literary, artistic or scientific works, not including cinematograph films, shall be taxable only in the State of which the recipient is a resident.

4. Paragraphs 1 to 3 shall also apply to profits from the alienation of the property and rights mentioned in those paragraphs.

5. The provisions of paragraphs 1 to 3 shall not apply where the recipient of the royalties or other remuneration maintains in the Contracting State in which the income arises a permanent establishment of fixed place of business used for the practice of a profession or any other independent activity and where the royalties or other remuneration are chargeable to that permanent establishment or fixed place of business.

In that case, the income shall be subject to taxation by that State in accordance with its laws.

Article 12

Income derived by a resident of a Contracting State from a profession or from other independent activities of a similar character shall be taxable only in that State, unless he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities. If he has such a fixed base, such part of the income as is attributable to that base may be taxed in the other State.

Article 13

1. Subject to the provisions of articles 14, 15, 16 and 17, wages, salaries and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State, unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1 above, 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 deducted from the profits of a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the preceding provisions of this article, remuneration for personal services performed on board a ship or aircraft in international traffic may be taxed in the Contracting State in which the place of actual management of the enterprise is situated.

Article 14

1. Remuneration, including pensions, paid by, or out of funds created by, a Contracting State or a political sub-division or local authority thereof to any individual in respect of services rendered to that State or sub-division or local authority thereof in the discharge of functions of a governmental nature may be taxed only in that State.

However, this provision shall not apply if the recipient of the remuneration is not a national of that State.

2. The provisions of articles 13, 15 and 16 shall apply to remuneration and pensions in respect of services rendered in connexion with any trade or business carried on by one of the Contracting States or a political sub-division or a local authority thereof.

Article 15

Directors' percentages, attendance fees and similar payments received by a resident of a Contracting State in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed only in that other State.

Article 16

Subject to the provisions of article 14, paragraph 1, pensions, annuities and other similar remuneration shall be taxable only in the Contracting State of which the recipient is a resident.

Article 17

Notwithstanding anything contained in this Convention, income derived by public entertainers, such as theatre, cinema, radio or television artists, by musicians and by athletes from their personal activities as such may be taxed only in the Contracting State in which these activities are exercised.

Article 18

Payments which a student or trainee from one of the Contracting States who is present in the other Contracting State solely for the purpose of his education or training receives for his maintenance, education, or training shall not be taxed in that other State, provided that such payments are made to him from sources outside that other State.

Article 19

A professor or teacher who is a resident of a Contracting State and 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 State shall be subject to tax in respect of that remuneration only in the first-mentioned State.

Article 20

It is agreed that double taxation shall be avoided in the following manner :

A. In the case of Israel :

Regardless of any other provisions of this Convention, Israel, in determining the tax of its residents or companies of other entities, may include in the basis upon which such tax is imposed all items of income taxable under the taxation laws of Israel, as if this Convention were not in effect. Israel shall, however, deduct from its tax so calculated the amount of the French tax chargeable to income derived from sources within France and included for the taxes of both Contracting States, but in an amount not exceeding that proportion of the Israel tax which such income bears to the entire income subject to Israel tax.

B. In the case of France :

1. Income other than that referred to in paragraphs 3 to 5 below shall be exempt from the French taxes mentioned in article 1, paragraph 1.A of this Convention, where the right to tax such income is exclusively assigned to the State of Israel.

2. Notwithstanding the provisions of paragraph 1 above, the French taxes referred to in that paragraph may be calculated on income taxable in France under this Convention at a rate corresponding to the total income taxable under French law.

3. Income referred to in article 9, paragraph 2, of this Convention derived by residents of France from sources in Israel shall be taxable in France in accordance with French law and with due regard to the provisions of the said paragraph.

For the purposes of such taxation, the deduction of tax at the source exemption from which is accorded under the terms of article 9, paragraph 2, in the case of income exempted from Israel tax under the statutory provisions specified in that paragraph, shall be deemed to have actually been made.

4. In the taxation of interest, as defined in article 10, which is derived from sources in Israel and on which Israel tax has been levied as provided in paragraph 2 of that article, France shall credit the amount of Israel tax as follows :

—In the case of interest on bonds and other negotiable certificates of indebtedness—against any tax deduction at the source to which the recipient of the interest may be liable under the rules of ordinary law ;

—In the case of interest on any other loans—either against the complementary tax and, where appropriate, the tax on the income of individuals, or against the company tax to which the recipient of the interest may be liable in respect of the same income.

For the purpose of effecting the credit referred to, interest exempted from Israel tax under article 47 A of the Israel Encouragement of Capital Investments Law 5719-1959, as amended, shall be deemed to have been actually taxed in Israel as provided in article 10, paragraph 2, of this Convention.

5. Income referred to in article 11 of this Convention derived from sources in Israel by residents of France shall be taxable in France in accordance with French law.

However, France shall grant the recipient of the royalties a tax credit corresponding to the amount of the Israel tax, such credit being allowed against either the complementary tax and, where appropriate, the tax on the income of individuals, or against the company tax to which the recipient is liable on the same income.

Article 21

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 term "nationals" means :

- (1) In the case of Israel, all Israel citizens ;
- (2) In the case of France, all individuals possessing French nationality ;
- (3) All bodies corporate, partnerships and associations deriving their status as such from the law in force in a Contracting State.

3. Stateless persons shall not be subjected in a 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 State in the same circumstances are or may be subjected.

4. 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.

This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

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 Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of that first-mentioned State are or may be subjected.

6. In this article, the term "taxation" means taxes of every kind and description.

Article 22

1. The competent authorities of the two Contracting States shall exchange any information available to or obtainable by them which may be necessary for carrying out the provisions of this Convention and for ensuring the proper collection of the taxes which are the subject of this Convention.

2. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons, except the taxpayer or his authorized agent, other than those concerned with the assessment and collection of the taxes which are the subject of this Convention and with claims and appeals relating to those taxes.

3. The provisions of this article shall not be so construed as to oblige the taxation authorities of either of the two States to communicate information which, because of its nature, is not obtainable under the taxation laws of that or the other State, or information the communication of which would in their opinion involve the disclosure of an industrial, trade or professional secret. Similarly, these provisions shall not be so construed as to oblige the taxation authorities of either State to take administrative measures at variance with its regulations and administrative practices. Assistance may also be refused if the requested State considers that such assistance would be likely to endanger its sovereignty or security or to prejudice its general interests.

4. Information shall be exchanged as a matter of routine or on a request being made in connexion with particular cases. The competent authorities of the two States shall agree on the list of classes of information to be communicated as a matter of routine.

Article 23

1. Where a resident of a Contracting State considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with this Convention, he may, notwithstanding the remedies provided by the national laws of those States, present his case to the competent authority of the Contracting State of which he is a resident.

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 Contracting State, with a view to the avoidance of taxation not in accordance with this Convention.

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

4. 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 24

1. This Convention may be extended, either in its present form or with any necessary modifications, to the overseas territories of the French Republic or to one or more of them, provided that they levy taxes similar in character to those which are the subject of this Convention. Any such extension shall take effect from such date and subject to such modifications and conditions (including those relating to termination of application) as may be agreed upon between the Contracting States by exchange of notes through the diplomatic channel or by any other procedure consistent with their constitutional law.

2. Save as may be otherwise agreed by both Contracting States, the termination of this Convention by one of the Contracting States under article 28 below shall also terminate the application of this Convention to any territory to which it has been extended under this article.

Article 25

The competent authorities of the two Contracting States shall consult together to determine by agreement, so far as may be necessary, the procedure for the application of this Convention.

Article 26

This Convention shall replace the Agreement concluded between the Contracting States on 24 January 1952¹ for the avoidance of double taxation of income derived from sea and air transport undertakings.

Article 27

1. This Convention shall be approved in accordance with the constitutional provisions in force in each of the two countries.

2. It shall enter into force on the first day of the month following the exchange of notices indicating that those provisions have been satisfied on both sides, and shall apply for the first time :

(a) To taxes collected by deduction at the source on income from movable capital paid after the expiry of a period of three months following the entry into force of the Convention ;

¹ United Nations, *Treaty Series*, Vol. 220, p. 55.

- (b) To other taxes assessed for the tax year in which the instruments of ratification were exchanged.

Article 28

This Convention shall remain in force indefinitely. However, after the expiry of a period of five years from the date on which it enters into force, either of the Contracting States may give six months notice to the other Contracting State of its intention to terminate the Convention, and in that case this Convention shall cease to have effect from the first day of the fiscal year following the date of notification. Its provisions shall then cease to apply:

- (a) As respects taxes collected by deduction at the source on income from movable capital : to income paid after the expiry of the fiscal year at the end of which the notice of termination of the Convention took effect ;
- (b) As respects other taxes : to tax years beginning on or after the first day of the fiscal year immediately following that in which notice of termination of the Convention was given.

DONE at Paris, on 20 August 1963, in two original copies in the Hebrew and French languages, both texts being equally authentic.

For the Government
of the State of Israel :

(Signed) Y. Z. SHEK

For the Government
of the French Republic :

(Signed) ERIC DE CARBONNEL