

No. 9091

ARGENTINA
and
FEDERAL REPUBLIC OF GERMANY

Agreement for the Avoidance of Double Taxation with respect to Taxes on Income and Fortune (with exchange of notes). Signed at Buenos Aires, on 13 July 1966

Official texts : Spanish and German.

Registered by Argentina on 6 May 1968.

ARGENTINE
et
RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE

Convention tendant à éviter la double imposition en matière d'impôts sur le revenu et d'impôts sur la fortune (avec échange de notes). Signée à Buenos Aires, le 13 juillet 1966

Textes officiels espagnol et allemand.

Enregistrée par l'Argentine le 6 mai 1968.

[TRANSLATION — TRADUCTION]

No. 9091. AGREEMENT¹ BETWEEN THE ARGENTINE REPUBLIC AND THE FEDERAL REPUBLIC OF GERMANY FOR THE AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME AND FORTUNE. SIGNED AT BUENOS AIRES, ON 13 JULY 1966

The Federal Republic of Germany and the Argentine Republic, desiring to conclude an Agreement for the Avoidance of Double Taxation with respect to Taxes on Income and Fortune, have agreed as follows :

Article 1

This Agreement shall apply to persons who are resident in one or both of the Contracting States.

Article 2

(1) The taxes to which this Agreement applies are :

1. In the case of the Federal Republic of Germany :

- (a) The income tax (*Einkommensteuer*);
 - (b) The corporation tax (*Körperschaftsteuer*);
 - (c) The tax on fortune (*Vermögensteuer*);
 - (d) The business tax (*Gewerbesteuer*);
- (hereinafter referred to as "German tax");

2. In the case of the Argentine Republic :

- (a) The income tax (*impuesto a los réditos*);
- (b) The capital gains tax (*impuesto a las ganancias eventuales*);

- (c) The emergency tax (*impuesto de emergencia*);

(hereinafter referred to as "Argentine tax").

(2) The Agreement shall also apply to any taxes of the same or a substantially similar nature which are in the future levied in addition to or in place of the existing taxes.

¹ Came into force on 19 October 1967, one month after the exchange of the instruments of ratification, which took place at Bonn on 19 September 1967, in accordance with article 27 (2).

(3) The provisions of this Agreement concerning the taxation of income or profits shall apply, *mutatis mutandis*, to the German business tax, which is not computed on the basis of income or fortune.

Article 3

(1) For the purposes of this Agreement, unless the context otherwise requires :

- (a) The term "Federal Republic" means the Federal Republic of Germany and, when used in a geographical sense, means the territory in which the Basic Law for the Federal Republic of Germany is in force;
- (b) The term "Argentina" means the Argentine Republic;
- (c) The terms "one of the Contracting States" and "the other Contracting State" mean the Federal Republic or Argentina, as the context requires;
- (d) The term "person" includes individuals and companies;
- (e) The term "company" means anybody corporate or any legal entity which is treated as a body corporate for purposes of taxation;
- (f) The terms "enterprise of one of the Contracting States" and "enterprise of the other Contracting State" mean, respectively, an enterprise operated by a resident of one of the Contracting States and an enterprise operated by a resident of the other Contracting State;
- (g) The term "competent authority" means, in the case of the Federal Republic, the Federal Minister of Finance and, in the case of Argentina, the Secretary of State for Finance.

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

Article 4

(1) For the purposes of this Agreement the term "resident of one of the Contracting States" means a person having his domicile, permanent residence, place of habitual abode, place of management or head office in that State.

(2) Where, under the provisions of paragraph 1, an individual is a resident of both Contracting States, the following shall apply :

- (a) 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 his personal and economic relations are closest (centre of vital interests);
- (b) If the Contracting State in which he has his centre of vital interests cannot be determined or if he does not have a 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;
- (c) If he has an habitual abode in both Contracting States or in neither of them, the competent authorities of the Contracting States shall settle the matter by agreement between them.

(3) Where, under the provisions of paragraph 1, a company is a resident of both Contracting States, it shall be deemed to be a resident of the Contracting State in which its place of actual management is situated.

Article 5

(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, in particular, be deemed to include :

- (a) A place of management;
- (b) A branch;
- (c) An office;
- (d) A factory;
- (e) A workshop;
- (f) A mine, quarry or other place of extraction of natural resources;
- (g) A construction or assembly project the duration of which exceeds six months.

- (3) The term “permanent establishment” shall not be deemed to include :
- (a) The use of facilities solely for the storage, display or delivery of goods or merchandise belonging to the enterprise;
 - (b) The maintenance, solely for the purpose of storage, display or delivery, of a stock of goods or merchandise belonging to the enterprise;
 - (c) The maintenance, solely for the purpose of processing or manufacture by another enterprise, of a stock of goods or merchandise belonging to the 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 advertising purposes, for the supply of information, for scientific research or for similar activities which are in the nature of preparatory or auxiliary activities for the benefit of the enterprise.

(4) An enterprise of one of the Contracting States shall be deemed to have a permanent establishment in the other Contracting State if it concludes contracts in that State more than occasionally through one or more persons — other than independent representatives within the meaning of paragraph 5 — who are authorized to conclude such contracts on behalf of the enterprise, unless the purpose of the contracts is the purchase of goods or merchandise for the enterprise.

(5) An enterprise of one of the Contracting States shall not be deemed to have a permanent establishment in the other State merely because it carries on business dealings there through a broker, commission agent or other independent representative acting in the ordinary course of his business as such.

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

(7) Without prejudice to the provisions of paragraphs 3 (d) and 4, an enterprise of one of the Contracting States shall be deemed to have a permanent establishment in the other Contracting State if the enterprise maintains in the latter State, for the purchase of agricultural products, a fixed place of business or a representative within the meaning of paragraph 4.

Article 6

(1) Income derived from immovable property shall be taxable in the Contracting State in which the property is situated.

(2) The term "immovable property" shall be defined in accordance with the laws of the Contracting State in which the property is situated. It shall in any event include property accessory to immovable property, livestock and equipment of agricultural and forestry enterprises, rights to which the provisions of private law concerning real property apply, rights of usufruct in immovable property, and rights to variable or fixed payments for the use of or the right to use mineral deposits, springs and other natural resources. Ships and aircraft shall not be deemed to be immovable property.

(3) The provisions of paragraph 1 shall apply to income derived from the direct use or the letting of immovable property or from the use in any other form of such property.

(4) The provisions of paragraphs 1 and 3 shall also apply to income from immovable property belonging to business enterprises and to income from immovable property used in the exercise of a profession.

Article 7

(1) The profits of an enterprise of one of the Contracting States shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, its profits shall be taxable in the other State, but only so much of them as is attributable to the permanent establishment.

(2) Were an enterprise of one of the Contracting States carries on business in the other Contracting State through a permanent establishment situated therein, there shall be attributed to the permanent establishment in each Contracting State the profits which it might be expected to make if it were an independent 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 all expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the Contracting State in which the permanent establishment is situated or elsewhere.

(4) No profits shall be attributed to a permanent establishment by reason of the mere purchase by the permanent establishment of goods or merchandise for the enterprise, except in the cases referred to in article 5, paragraph 7.

(5) Where the profits include income which is dealt with in other articles of this Agreement, the provisions of this article shall not be affected.

Article 8

(1) Profits derived 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.

(2) The provisions of paragraph 1 shall apply, *mutatis mutandis*, to profits derived from participation by such enterprises in a pool or a sea or air transport operating organization.

(3) If the place of actual management of a sea transport enterprise is on board a ship, it shall be deemed to be situated in the Contracting State in which the home port of the ship is situated or, if there is no such home port, in the Contracting State of which the operator of the ship is a resident.

(4) Ships or aircraft which are operated in international traffic by a German enterprise and are not registered at an Argentine port shall not, for purposes of the substitute tax on free transfers of property levied in Argentina, be regarded as part of the property attributable to a permanent establishment of the said enterprise situated in Argentina.

Article 9

Where

(a) An enterprise of one of the Contracting States 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 one of the Contracting States 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 10

(1) Dividends paid by a company which is a resident of one of the Contracting States to a resident of the other Contracting State shall be taxable in the first-mentioned State; the tax may not, however, exceed 15 per cent of the gross amount of the dividends.

(2) Notwithstanding the provisions of paragraph 1, the tax imposed by the first-mentioned Contracting State may exceed 15 per cent of the gross amount of the dividends, but not 25 per cent of the said amount, if :

(a) The said State levies the corporation tax on distributed profits at a lower rate than on undistributed profits and the difference between the two rates amounts to 20 or more percentage points, and

(b) The dividends are paid by a company which is a resident of that State to a company which is a resident of the other State and which holds at least 25 per cent of the voting shares of the first-mentioned company.

(3) The term "dividends", as used in this article, means income from shares or other rights — with the exception of debt-claims — participating in profits as well as income from other forms of interest in companies which, under the taxation law of the State of which the company making the distribution is a resident, is assimilated to income from shares; it shall also include distributions made on shares in an investment trust and, in the Federal Republic, income derived by a sleeping partner from his participation as such.

(4) The provisions of paragraphs 1 and 2 shall not apply if the recipient of the dividends, being a resident of one of the Contracting States, has a permanent establishment in the other Contracting State, of which the company paying the dividends is a resident, and the said permanent establishment is in fact the owner of the holding in respect of which the dividends are paid. In such a case, the provisions of article 7 shall apply.

(5) Where a company which is a resident of one of the Contracting States receives profits or income from the other Contracting State, such other State may not levy any tax on the dividends paid by the company to persons who are not residents of that State or subject the company's undistributed profits to a tax on undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in the other State.

Article 11

(1) Interest arising in one of the Contracting States and paid to a resident of the other Contracting State shall be taxable in the first-mentioned

State; the tax may not, however, exceed 20 per cent of the gross amount of the interest.

- (2) Notwithstanding the provisions of paragraph 1,
 - (a) Interest arising in Argentina and paid to the German Federal Bank or to the Credit Bank for Reconstruction shall be exempt from Argentine tax;
 - (b) Interest arising in the Federal Republic and paid to the Central Bank of the Argentine Republic shall be exempt from German tax.

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

(4) The provisions of paragraphs 1 and 2 shall not apply if the recipient of the interest, being a resident of one of the Contracting States, has a permanent establishment in the other Contracting State, in which the interest arises, and the said permanent establishment is in fact the holder of the debt-claim in respect of which the interest is paid. In such a case, the provisions of article 7 shall apply.

(5) Interest shall be deemed to arise in one of the Contracting States if the payer is that State itself or a *Land*, political subdivision, local authority or resident of the said State. Where, however, the payer of the interest, whether or not he is a resident of one of the Contracting States, has in one of the Contracting States a permanent establishment for whose requirements the debt in respect of which the interest is paid was contracted and the interest is borne by the permanent establishment, then such 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 in respect of 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 shall be taxable in accordance with the law of each Contracting State, due regard being had to the other provisions of this Agreement.

Article 12

(1) Royalties arising in one of the Contracting States and paid to a resident of the other Contracting State shall be taxable in the first-mentioned

State; the tax may not, however, exceed 15 per cent of the gross amount of the royalties.

(2) The term "royalties", as used in this article, means payments of any kind received as consideration for the use of, or the right to use, any copyright in literary, artistic or scientific work, including cinematographic films, any patent, trade mark, design or model, plan or secret process or formula, or for the use of or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.

(3) The provisions of paragraph 1 shall not apply if the recipient of the royalties, being a resident of one of the Contracting States, has a permanent establishment in the other Contracting State, in which the royalties arise, and the said permanent establishment is in fact the owner of the right or property in respect of which the royalties are paid. In such a case, the provisions of article 7 shall apply.

(4) Royalties shall be deemed to arise in one of the Contracting States if the payer is that State itself or a *Land*, political subdivision, local authority or resident of the said State. Where, however, the payer of the royalties, whether or not he is a resident of one of the Contracting States, has in one of the Contracting States a permanent establishment which is in fact the owner of the right or property in respect of which the royalties are paid and the royalties are borne by the permanent establishment, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

(5) 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 royalties paid, having regard to the use, right or information in respect of 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 that case, the excess shall be taxable in accordance with the law of each Contracting State, due regard being had to the other provisions of this Agreement.

Article 13

(1) Profits derived from the alienation of immovable property, as defined in article 6, paragraph 2, shall be taxable in the Contracting State in which the property is situated.

(2) Profits derived from the alienation of movable property forming part of the assets of a permanent establishment which an enterprise of one

of the Contracting States has in the other Contracting State, including profits derived from the alienation of such permanent establishment (either independently of or jointly with the rest of the enterprise), shall be taxable in the State in which the permanent establishment is situated. However, profits derived from the alienation of movable property of the kind specified in article 19, paragraph 3, shall be taxable only in the Contracting State in which such movable property is taxable under the said article.

Article 14

(1) Subject to the provisions of article 15, remuneration which a resident of one of the Contracting States receives in respect of personal services (including the exercise of a profession) shall be taxable only in that State unless the services are rendered in the other Contracting State. If the services are rendered there, the remuneration shall be taxable in the other State, but only so much of it as is attributable to the services rendered there.

(2) Notwithstanding the provisions of paragraph 1, remuneration received by a resident of one of the Contracting States in respect of services rendered 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 a person who is not a resident of the other State, and
- (c) The remuneration is not borne by a permanent establishment which the person paying the remuneration has in the other State.

(3) The provisions of paragraph 2 shall not apply to remuneration received by professional entertainers such as theatre, film, radio or television artists, by musicians and by athletes in respect of their personal activities as such.

(4) Notwithstanding the preceding provisions of this article, remuneration received in respect of employment exercised en board a ship or an aircraft in international traffic shall be taxable in the Contracting State in which the place of actual management of the enterprise is situated.

Article 15

Directors' fees and similar payments received by a resident of one of the Contracting States 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 the latter State.

Article 16

(1) Notwithstanding the provisions of article 14, remuneration paid by the Federal Republic or by a *Land*, political subdivision or local authority thereof to any person in respect of services rendered to the Federal Republic or to a *Land*, political subdivision or local authority thereof shall be taxable in the Federal Republic only if the recipient is a German within the meaning of article 116, paragraph 1, of the Basic Law for the Federal Republic of Germany.

(2) Notwithstanding the provisions of article 14, remuneration paid by Argentina or by a province, political subdivision or local authority thereof to any person in respect of services rendered to Argentina or to a province, political subdivision or local authority thereof shall be taxable in Argentina only if the recipient is an Argentine citizen.

(3) The provisions of paragraphs 1 and 2 shall not apply if the remuneration is received in respect of services rendered in connexion with any commercial or industrial activity carried on by one of the Contracting States or by a *Land*, province, political subdivision or local authority thereof.

Article 17

(1) Pensions and similar remuneration paid by the Federal Republic or by a *Land*, political subdivision or local authority thereof shall be taxable only in the Federal Republic.

(2) Pensions and similar remuneration paid by Argentina or by a province, political subdivision or local authority thereof shall be taxable only in Argentina.

(3) Pensions, annuities and other recurrent or non-recurrent payments made to any individual by one of the Contracting States or by a *Land*, political subdivision or local authority thereof as compensation for damage resulting from military action or political persecution shall be exempt from tax in the other Contracting State.

Article 18

Where a student or an apprentice who is present in one of the Contracting States solely for purposes of education or training and is, or was immediately before, a resident of the other Contracting State receives payments for his maintenance, education or training, such payments shall be exempt from

tax in the first-mentioned Contracting State provided that they are made to him from outside that Contracting State.

Article 19

(1) Fortune represented by immovable property, as defined in article 6, paragraph 2, shall be taxable in the Contracting State in which the property is situated.

(2) Fortune represented by movable property forming part of the assets of a permanent establishment of an enterprise shall be taxable in the Contracting State in which the permanent establishment is situated.

(3) Ships and aircraft operated in international traffic and movable property pertaining to the operation of such ships and aircraft shall be taxable only in the Contracting State in which the place of actual management of the enterprise is situated.

Article 20

(1) In the case of a resident of the Federal Republic, tax shall be determined as follows :

(a) There shall, unless the provisions of sub-paragraph (b) apply, be excluded from the base on which German tax is imposed any item of income from sources within Argentina and any item of fortune situated within Argentina which is dealt with in the preceding articles and which, in accordance with those articles, is taxable in Argentina. However, the Federal Republic retains the right to take into account in the determination of its rate of tax the items of income and fortune so excluded. The first sentence shall, in the case of dividends, apply only to such dividends as are paid to a company limited by shares (*Kapitalgesellschaft*) which is a resident of the Federal Republic by a company limited by shares which is a resident of Argentina and at least 25 per cent of whose voting shares are owned by the first-mentioned company. There shall also be excluded from the base on which German tax is imposed any participation the dividends on which are, if paid, excluded from the tax base in accordance with the preceding sentence.

(b) These shall be allowed as a credit against German income tax payable in respect of the following items of income :

1. In the case of dividends within the meaning of article 10, paragraph 3, not dealt with in sub-paragraph (a) above, an amount representing 15 per cent of the amount of the dividends received;

2. In the case of interest within the meaning of article 11, paragraph 3, an amount representing 35 per cent of the gross amount of the interest. If, however, the rate of the Argentine tax normally payable on interest under Argentine law is reduced below 35 per cent, the tax credit shall be reduced to the amount of Argentine tax then payable;
3. In the case of royalties within the meaning of article 12, paragraph 2, the Argentine tax paid on the royalties. If, however, the Argentine tax on such royalties is waived or reduced for a limited period of time, there shall be allowed as a credit the amount of tax which, under the provisions of this Agreement, would have been payable on the royalties if the tax had not been waived or reduced;
4. In the case of income of the type referred to in article 15, the Argentine tax paid in respect thereof.

(2) Items of income from sources within the Federal Republic and items of fortune situated within the Federal Republic which, under the provisions of this Agreement, are taxable in the Federal Republic shall be exempt from Argentine tax.

Article 21

(1) The nationals of one of the Contracting States shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than that to which nationals of the other State in the same circumstances are or may be subjected.

(2) In this article, the term "nationals" means:

1. In relation to the Federal Republic, all Germans within the meaning of article 116, paragraph 1, of the Basic Law for the Federal Republic of Germany and all bodies corporate, partnerships and associations constituted as such under the law in force in the Federal Republic;
2. In relation to Argentina, all Argentine citizens and all bodies corporate, partnerships and associations constituted as such under the law in force in Argentina.

(3) A permanent establishment which an enterprise of one of the Contracting States has in the other Contracting State shall not be subjected in the other State to taxation which is less favourable than that imposed on enterprises of the other State carrying on the same activities.

This provision shall not be construed as obliging one of the Contracting States to grant to residents of the other Contracting State any personal

tax allowance, relief or reduction which it grants to its own residents on account of their personal circumstances or family responsibilities.

(4) Enterprises of one of the Contracting States whose capital 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 that to which similar enterprises of the first-mentioned State are or may be subjected.

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

Article 22

(1) Where a resident of one of the Contracting States considers that measures taken by one or both of the Contracting States result or will result for him in taxation which is not in accordance with this Agreement, he may, notwithstanding the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident.

(2) If the objection appears to the competent authority to be justified and if such authority is itself unable to arrive at an appropriate solution, it shall endeavour to settle the case by agreement with the competent authorities of the other Contracting State with a view to the avoidance of taxation which is not in accordance with this Agreement.

(3) The competent authorities of the Contracting States shall endeavour to resolve by agreement between them any difficulties or doubts raised by the interpretation or application of the Agreement. They may also consult together with a view to the elimination of double taxation in cases not provided for in the Agreement.

(4) The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in accordance with the preceding paragraphs and with a view to the exchange of information provided for in article 23 of this Agreement.

Article 23

(1) The competent authorities of the Contracting States shall exchange such information as is necessary for the application of this Agreement. All information thus exchanged shall be treated as secret and shall not be made available to any persons or authorities other than those concerned with the assessment and collection of the taxes to which this Agreement applies.

(2) The provisions of paragraph 1 shall in no case be construed as imposing on one of the Contracting States the obligation :

- (a) To adopt administrative measures which are at variance with the law or administrative practice of that Contracting State or of the other Contracting State;
- (b) To supply information which is not obtainable under the law or the normal administrative procedure of that Contracting State or of the other Contracting State;
- (c) To supply information which would disclose any trade, business, industrial or professional secret or trade process or whose disclosure would be prejudicial to law and order.

Article 24

Nothing in this Agreement shall affect any tax privileges to which diplomatic or consular officials are entitled under the general rules of international law or by virtue of special agreements.

Article 25

If the law of one of the Contracting States or any international arrangements now or hereafter in force between the Contracting States in addition to this Agreement contain provisions which are more favourable to a resident of one of the Contracting States than the provisions of this Agreement, the first-mentioned provisions shall not, in so far as they are more favourable, be affected by this Agreement.

Article 26

This Agreement shall also apply to *Land* Berlin unless the Government of the Federal Republic of Germany notifies the Government of the Argentine Republic to the contrary within three months after the entry into force of the Agreement.

Article 27

(1) This Agreement shall be ratified, and the instruments of ratification shall be exchanged at Bonn as soon as possible.

(2) This Agreement shall enter into force one month after the exchange of the instruments of ratification and shall then apply to taxes levied in respect of the calendar year following the year in which the instruments of ratification were exchanged and of subsequent calendar years.

(3) Notwithstanding the provisions of paragraph 2, the provisions of article 8 of the Agreement shall apply to taxes levied in respect of the calendar year 1961 and subsequent calendar years.

Article 28

(1) This Agreement shall remain in force indefinitely, but either Contracting State may, on or before 30 June of any calendar year following the expiry of five years after its entry into force, give the other Contracting State, through the diplomatic channel, written notice of its termination; in that event, this Agreement shall cease to apply to taxes levied in respect of the calendar year following the year in which notice of termination was given.

(2) The provisions of article 11 and of article 20, paragraph 1 (b) (2), shall cease to apply to interest paid on or after 1 January following the year in which notice of termination could for the first time have been given.

DONE at Buenos Aires, on 13 July 1966, in four copies, two in the German language and two in the Spanish language, both texts being equally authentic.

For the Federal Republic
of Germany:

Dr. Karl CARSTENS
Secretary of State in the Ministry
of Foreign Affairs

For the Argentine Republic :

Nicanor COSTA MÉNDEZ
Minister for Foreign Affairs
and Worship

EXCHANGE OF NOTES

I

SECRETARY OF STATE
IN THE MINISTRY OF FOREIGN AFFAIRS

Buenos Aires, 13 July 1966

Sir,

On the occasion of the signing on this date of the Agreement between the Federal Republic of Germany and the Argentine Republic for the Avoidance of Double Taxation with respect to Taxes on Income and Fortune, I have the honour to inform you on behalf of the Government of the Federal Republic of Germany that the two Contracting States have agreed that the provisions referred to below shall be applied as follows :

Article 20, paragraph 1 (a), shall apply to a permanent establishment or to dividends paid by a company only if the profits of the permanent establishment or the income of the company is derived exclusively or almost exclusively :

- (a) From any of the following activities carried on in Argentina : the production or sale of goods or merchandise, letting or leasing transactions, services rendered, or banking or insurance operations; or
- (b) From dividends paid by one or more companies resident in Argentina, more than 25 per cent of whose voting shares are owned by the first-mentioned company and which similarly derive their income exclusively or almost exclusively from any of the following activities carried on in Argentina : the production or sale of goods or merchandise, letting or leasing transactions, services rendered, or banking or insurance operations.

If these conditions are not satisfied, the Argentine tax paid in respect of the permanent establishment or of the dividends shall be credited against the German tax payable in respect thereof.

I should be grateful if you would confirm to me your agreement with the foregoing; in that case, this note and your reply shall be regarded as forming part of the Agreement.

CARSTENS

His Excellency Dr. Nicanor Costa Méndez
Minister for Foreign Affairs and Worship
Buenos Aires

II

EXECUTIVE BRANCH OF THE GOVERNMENT
MINISTRY OF FOREIGN AFFAIRS AND RELIGION

Buenos Aires, 13 July 1966

Sir,

I have the honour to acknowledge receipt of your note of 13 July 1966, which reads as follows:

[See note I]

I have the honour to confirm to you on behalf of the Government of the Argentine Republic my agreement with the foregoing text; your note and this reply shall be regarded as forming part of the Agreement.

Accept, Sir, etc.

Nicanor COSTA MÉNDEZ

His Excellency Dr. Karl Carstens
Secretary of State in the Ministry of Foreign
Affairs of the Federal Republic of Germany
Buenos Aires
