

**No. 9648**

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**FRANCE  
and  
PAKISTAN**

**Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (with exchange of letters). Signed at Paris on 22 July 1966**

*Authentic texts: French and English.*

*Registered by France on 23 June 1969.*

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**FRANCE  
et  
PAKISTAN**

**Convention tendant à éviter la double imposition et l'évasion fiscale en matière d'impôts sur le revenu (avec échange de lettres). Signée à Paris le 22 juillet 1966**

*Textes authentiques: français et anglais.*

*Enregistrée par la France le 23 juin 1969.*

CONVENTION<sup>1</sup> BETWEEN THE REPUBLIC OF FRANCE  
AND THE REPUBLIC OF PAKISTAN FOR THE  
AVOIDANCE OF DOUBLE TAXATION AND THE PRE-  
VENTION OF FISCAL EVASION WITH RESPECT TO  
TAXES ON INCOME

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The President of the French Republic and the President of the Republic of Pakistan,

Desiring to conclude a Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income,

Have appointed for that purpose as their Plenipotentiaries:

The President of the French Republic

His Excellency Mr. Gilbert de Chambrun, Ministre Plénipotentiaire,  
Directeur des Conventions Administratives et des Affaires Consu-  
laires au Ministère des Affaires Étrangères;

The President of the Republic of Pakistan,

His Excellency Mr. Jalaluddin Abdur Rahim, Ambassadeur Extraordi-  
naire et Plénipotentiaire;

Who, having exhibited their respective powers, found in good and due form, have agreed as follows:

*Article I*

(1) The taxes which are the subject of this Convention are:

(a) in Pakistan:

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

(b) in France:

- the income-tax on individuals (*impôt sur le revenu des personnes physiques*),
- the complementary tax (*taxe complémentaire*),

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<sup>1</sup> Came into force on 13 February 1969 by the exchange of the instruments of ratification, which took place at Islamabad, in accordance with article XXVI.

— the tax on the profits of the companies and other legal entities (*impôt sur les bénéfices des sociétés et autres personnes morales*), (hereinafter referred to as “French tax”).

(2) This Convention shall also apply to any identical or substantially similar taxes which are subsequently imposed in addition to, or in place of, the existing taxes by either Contracting Government subsequently to the date of signature of this Convention. The competent authorities of the Contracting States shall notify to each other, at the beginning of each year, any changes which have been made in their respective taxation laws and when the tax laws of any of the Contracting States are modified affecting substantially the nature or the character of the taxes mentioned in paragraph (1) of the present Article, the competent authorities of both States shall consult together to determine the changes it would be eventually necessary to make in the present Convention.

## Article II

(1) In this Convention,

(a) The term “Pakistan” means the Provinces of Pakistan;

(b) The term “France” means the metropolitan France and the overseas departments (Guadeloupe, Guiana, Martinique and Réunion);

(c) The terms “one of the territories” and “the other territory” mean Pakistan or France as the context requires;

(d) The term “tax” means Pakistan tax or French tax as the context requires;

(e) The term “person” includes natural persons, companies and all other entities which are treated as taxable units under the tax laws of the respective States;

(f) The term “citizen” means a natural person, who is a citizen according to the laws of the respective States;

(g) The term “company” means any body corporate or any entity which is treated as a body corporate for tax purpose under the laws of the respective States;

(h) The terms “resident of Pakistan” and “resident of France” mean respectively any person who is resident in Pakistan for the purposes of Pakistan tax and not resident in France for the purposes of French tax, and any person who is resident in France for the purposes of French tax and not resident in Pakistan for the purposes of Pakistan tax.

A company shall be regarded as resident in Pakistan if its business is managed and controlled in Pakistan.

A company shall be regarded as resident in France if its business is managed and controlled in France.

(i) The term “Pakistan company” means a company which is a resident of Pakistan and the term “French company” means a company which is a resident of France;

(j) The terms “Pakistan enterprise” and “French enterprise” mean respectively an industrial or commercial enterprise or undertaking carried on in Pakistan by a resident of Pakistan and an industrial or commercial enterprise or undertaking carried on in France by a resident of France; and the terms “enterprise of one of the territories” and “enterprise of the other territory” mean a Pakistan enterprise or a French enterprise, as the context requires;

(k) The term “permanent establishment”, when used with respect to an enterprise of one of the territories, means a fixed place of business in which the business of the enterprise is wholly or partly carried on, a branch, a place of management, an office, a factory, a workshop, a mine, quarry or other place of extraction of natural resources.

An enterprise of one of the territories shall be deemed to have a permanent establishment in the other territory if it has, in the other territory, an agent or an employee, who has and habitually exercises a general authority to negotiate and conclude contracts on behalf of the enterprise, or, has in that other territory a stock of goods or merchandise from which he regularly fills orders secured by him on behalf of the enterprise.

An enterprise of one territory shall not be deemed to have a permanent establishment in the other territory merely because it carries on business 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.

The use of mere storage facilities or the maintenance of a stock of goods or merchandise, in one of the territories by an enterprise of the other territory, whether in a warehouse or not, merely for convenience of delivery and not for purposes of display shall not constitute by itself a permanent establishment, even if such goods or merchandise are delivered according to the instructions given by the enterprise in that other territory, after it has accepted an order obtained by an agent of the enterprise other than that who maintains this stock of goods.

An enterprise of one of the territories shall not be deemed to have a permanent establishment in the other territory if it carries on in that territory technical installations or setting up of machinery, if the duration of that activity does not exceed 183 days in a taxable year, notwithstanding the fact that it has a fixed place of business in such other territory within the meaning of paragraph (k) of the present Article unless such activity is attributable to that permanent establishment.

An enterprise of one of the territories shall not be deemed to have a permanent establishment in the other country merely because it maintains a fixed place of business solely for the purpose of advertising or the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character, for that enterprise.

The fact that a company which is 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.

(2) The term “competent authorities” means, in the case of Pakistan, the Central Board of Revenue or their authorised representative, and, in the case of France, the Director General of Taxes (Directeur Général des Impôts) and in the case of any territory to which the present Convention is extended under Article XXV, the competent authority for the administration in such territory of the taxes to which the present Convention applies;

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

### *Article III*

(1) The industrial or commercial profits of an enterprise of one of the territories shall not be subjected to tax in the other territory unless the enterprise carries on a trade or business in the other territory through a permanent establishment situated therein. If it carries on a trade or business in that other territory through a permanent establishment situated therein, tax may be imposed on those profits in the other territory but only on so much of them as is attributable to that permanent establishment.

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

(3) In the determination of the profits of a permanent establishment, there shall be allowed as a deduction expenses which are reasonably allocable to the permanent establishment including executive and general administration expenses so allocable, whether incurred in the State in which the permanent establishment is situated or elsewhere.

(4) The term "industrial or commercial profits", as used in this Article, does not include income from the operation of ships or aircraft, interest on bonds, securities or debentures or any other form of indebtedness, dividends or royalties, fee or other remuneration derived from the management, control or supervision of the trade, business or other activities of an enterprise or remuneration for labour or personal (including professional) services, except any such income which, under the laws of any of the Contracting States and in accordance with this Article is attributable to a permanent establishment situated therein.

#### *Article IV*

Where

- (a) the person carrying on an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or
- (b) the same person participates directly or indirectly in the management, control of capital of an enterprise of one of the territories and an enterprise of 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 V*

(1) Profits derived by an enterprise of one of the territories from the operation of aircraft owned or chartered by that enterprise shall be exempt from tax in the other territory, unless the aircraft is operated wholly or mainly between places within such other territory.

(2) The provisions of paragraph (1) shall likewise apply in respect of participations in a pooled service, in a joint air transport operating organisation or an international operating agency by a resident of one of the territories operating aircraft.

(3) Notwithstanding the provisions of Article III, profits which a resident of one of the territories derives from operating ships in the other territory, including profits of that resident from the sale of tickets for passages by such ships, shall be exempt from tax in the first-mentioned territory if such profits are subject to tax in the other territory.

*Article VI*

(1) Where a French company owns not less than fifty per cent of the equity capital of a Pakistan company, the rate of Pakistan tax payable in respect of the dividends paid by such Pakistan company to such French company shall not exceed—

- i) 10 per cent when such dividends are derived from the income of an industrial undertaking in Pakistan, and
- ii) 20 per cent in the case of dividends derived from other income.

(2) The rate of French tax on dividends paid by a French company to a Pakistan company owning shares not less than fifty per cent of the equity capital of the French company shall not exceed 15 per cent.

(3) The provisions of paragraphs (1) and (2) shall not apply if the recipient of the dividends, being a resident of a Contracting State, has in the other Contracting State, of which the company paying the dividends is a resident, a permanent establishment with the holding by virtue of which the dividends are paid is effectively connected. In such a case, Article III concerning the allocation of profits to permanent establishment shall apply.

(4) In paragraph (1) of the present Article, the term “industrial undertaking” means an undertaking falling under any of the classes mentioned below if it is set up or commenced in Pakistan after the present Convention comes into force or if the shares of the company engaged therein are acquired by an enterprise of the other Contracting State after that date:

- (a) The manufacture of goods or materials or the subjection of goods or materials to any process which results in substantially changing their original conditions;
- (b) Ship-building;
- (c) Electricity, hydraulic power, gas and water supply;
- (d) Mining including the working of an oil-well or the source of any mineral deposits; and
- (e) Any other undertaking, which may be declared by the competent authorities in Pakistan to be an industrial undertaking for the purpose of this Article.

#### *Article VII*

A Pakistan company shall not be liable to the withholding tax on income from securities as provided in articles 109-2 and 1674 of the General Tax Code unless it has a permanent establishment in France within the meaning of paragraph (k) of Article II of the present Convention. The income taxable under Article 109-2 shall not, however, exceed the amount of the profits realised by the permanent establishment in France, determined in accordance with the provisions of Article III of the present Convention.

#### *Article VIII*

(1) The rate of Pakistan tax on interest paid by a resident of Pakistan to a French company or partnership in respect of indebtedness incurred on or after the 1st January, 1962, shall not exceed 30 per cent.

Notwithstanding the provisions of the preceding subparagraph, interest paid by a resident of Pakistan to a French company or partnership on approved loans (including loans in the form of deferred payments) shall be exempt from Pakistan tax payable thereon.

(2) The rate of French tax on interest paid by a resident of France to a Pakistan Company in respect of indebtedness incurred on or after the 1st January, 1962, shall not exceed 12 per cent.

(3) Paragraph (1) and (2) of the present Article shall not apply where a French company or a Pakistan company, as the case may be, receiving the interest has a permanent establishment in the other territory and such interest is, under the laws of such other territory and in accordance with Article III of the present Convention, attributable to that permanent establishment.



(4) In the present Article,

(a) The term “interest” includes income from bonds, securities, notes, debentures, or any other form of indebtedness whether or not secured by “mortgages”;

(b) The term “approved loan” means a loan made to an industrial undertaking in Pakistan and approved by the Government of Pakistan and the term “industrial undertaking” means an undertaking falling under any of the classes mentioned in paragraph (4) of Article VI.

### *Article IX*

(1) Royalties arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State.

(2) The term “royalties” as used in the present Article means payments of any kind received as consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films and films for use in connection with television, any patent, trade mark, design or model, plan, secret formula or process.

(3) Profits from the alienation of any rights or property mentioned in paragraph (2) shall be taxable only in the Contracting State of which the alienator is a resident.

(4) The provisions of paragraphs (1) and (3) shall not apply if the recipient of the royalties, or the profits, being a resident of a Contracting State, has in the other Contracting State in which the royalties arise a permanent establishment with which the right or property giving rise to the royalties is effectively connected. In such a case, Article III concerning the allocation of profits to permanent establishment shall apply.

(5) Where, owing to a special relationship between the payer and the recipient or between both of them and some other persons, the amount of the royalties paid, having regard to the use or right for which they are paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of the present Article shall 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 X*

(1) Income from immovable property may be subjected to tax in the territory in which the property is situated.

(2) Royalties or other amounts paid in respect of the operations of a mine, quarry or other place of extraction or exploitation of natural resources shall, for the purpose of the present Article, be regarded as income derived from immovable property.

*Article XI*

(1) Income derived by a resident of a Contracting State in respect of professional services or other independent activities of a similar character shall be taxable only in the State where such services are exercised.

(2) Income derived by public entertainers, such as theatre, motion picture, radio or television artists and musicians, and by athletes, from their personal activities as such may be taxed in the Contracting State in which these activities are exercised.

*Article XII*

(1) Subject to the provisions of Article XIII, XIV and XV, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom 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 provisions of paragraphs (1) and (2) of the present Article, remuneration for personal services performed aboard a ship or aircraft in international traffic may be taxed in the Contracting State of the enterprise by which it is owned or chartered.

### *Article XIII*

(1) Remuneration, included pensions, paid by or out of funds created by a Contracting State or a political subdivision or a local authority thereof to any individual in respect of services rendered to that State or subdivision or local authority thereof in the discharge of functions of public nature may be taxed in that State only.

(2) The provisions of Articles XI, XIV and XV shall apply to remuneration and pensions in respect of services rendered in connection with any trade or business carried on by one of the Contracting States or a political subdivision or a local authority thereof.

### *Article XIV*

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

### *Article XV*

(1) Any pension (other than pension to which paragraph (1) of Article XIII applies) and any annuity derived from sources within one of the territories by an individual, who is a resident of the other territory, may be taxed in the first-mentioned territory.

(2) The term "pension", as used in Article XIII and the present Article, means periodic payment made in consideration for services rendered or by way of compensation for injuries received.

(3) The term "annuity" as used in paragraph (1), means a stated sum payable periodically at stated times, during life or during a specified or ascertainable period of time, under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

*Article XVI*

A professor or teacher from one of the territories who receives remuneration for teaching during a period of temporary residence not exceeding two years at a University, college, school or other recognized educational institution in the other territory, shall, if Article XXII does not apply to him, be exempt from tax in that other territory in respect of that remuneration.

*Article XVII*

The law of each Contracting State shall continue to govern the taxation of incomes derived from either territory, except where a contrary provision is made in the present Convention. Where the income is subject to tax in both territories, an adjustment for the avoidance of the double taxation shall be made according to the provisions of the following paragraphs:

- (1) In Pakistan, French tax payable, whether directly or by deduction, by a person resident in Pakistan, in respect of income from sources within France shall, subject to the tax laws of Pakistan, be allowed as a credit against any Pakistan tax payable in respect of that income.
- (2) In France,
  - (a) Incomes, other than those mentioned in sub-paragraphs (c) and (d) below shall be exempt from the French tax specified in Article I of the present Convention where such income is exclusively taxable in Pakistan.
  - (b) Notwithstanding the provisions of subparagraph (a) above, French taxes specified in Article I of the present Convention shall be computed on the incomes liable in France according to this Convention at the rate applicable to the total incomes taxable under the French tax laws.
  - (c) Dividends received by a resident of France from a Pakistan company shall be exempt in France from the withholding tax where they have borne in Pakistan tax at a rate not less than 30%, Pakistan tax so paid being deemed as wholly covering this present rate of French withholding tax. However, the recipient of such dividends shall have the right to get tax credit in the same way as if this withholding tax had been paid.

In the case of dividends referred to in paragraph (1) of Article VI, received by a resident of France from a Pakistan company, credit shall be allowed for the Pakistan tax paid in respect of such dividends.

(d) In the case of interest referred to in paragraph (1) of Article VIII which is derived from Pakistan sources and which is subject to Pakistan tax according to the provisions of the said paragraph, credit shall be allowed in respect of the latter tax:

- (i) as respects interest from negotiable bonds subject to French withholding tax, against the amount of this withholding tax,
- (ii) as respects other interest, which is not subject to the French withholding tax, either against the complementary tax leviable, or, as the case may be, against the income tax on individuals, or the company tax that the recipient of this interest is liable to pay on the same income.

For the purposes of this credit, Pakistan tax exempted in accordance with the provisions of the second subparagraph of paragraph (1) of Article VIII shall be deemed to have been effectively borne at the rate of 30%.

(e) In the cases not covered by the provisions of the present Convention, income received by a person having his habitual residence in France (whether or not that person is regarded as residing in Pakistan for the purposes of the Pakistan tax laws) shall be exempt from the French tax where it has its source in Pakistan and is taxable therein according to the Pakistan tax laws.

#### *Article XVIII*

The provisions of the Convention shall not be construed to deny or affect in any manner the right of diplomatic and consular officers to other or additional exemptions which may be granted to such officers.

#### *Article XIX*

(1) The competent authorities of the Contracting States shall, upon request, exchange such information (being information available under the respective

taxation laws of the Contracting States) as is necessary for carrying out the provisions of this Convention or for the prevention of fraud, or the like, in relation to the taxes which are subject of this Convention. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than those concerned with the assessment and collection of the taxes which are the subject of this Convention. No information shall, however, be exchanged which would disclose any commercial, industrial or professional secret or any commercial or industrial process.

(2) In no case shall the provisions of paragraph (1) be construed so as to impose upon either of the Contracting States the obligation to carry out administrative measures at variance with the regulations and practice of either Contracting State or which would be contrary to its sovereignty, security or public policy or to supply particulars which are not procurable under the laws of either State.

#### *Article XX*

(1) The 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. In particular, the citizens of one Contracting State who are subject to tax in the territory of the other Contracting State shall benefit in the same condition that the citizens of that later State, any exemption, deduction, credit or other allowance accorded in consideration of the family charges.

(2) The term “nationals” means:

- (a) all individuals possessing the nationality of a contracting State;
- (b) all legal persons, partnerships and associations deriving their status as such from the law in force in a Contracting State.

(3) 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.

(4) 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 that similar enterprises of that first-mentioned State are or may be subjected.

(5) Nothing contained in paragraphs (1) to (4) of this Article shall affect provisions of the Pakistan law providing for a higher allowance or rebate of super-tax to those companies which make the prescribed arrangements for the declaration and payment of dividends and the deduction of super-tax from dividends paid by them.

#### *Article XXI*

(1) A resident of one of the territories who is temporarily present in the other territory, solely—

- (a) as a student at a recognized university, college or school in such other territory,
- (b) as an apprentice, or
- (c) as the recipient of a grant, allowance or award for the primary purpose of study or research from religious, charitable, scientific, or educational organization of the former territory

shall be exempt from tax by such other territory:

- i) on all remittances from abroad for the purposes of his maintenance, education or training, and
- ii) with respect to any amount, representing remuneration for an employment in that other territory, if that employment is related with his studies or his training or if it is necessary for his maintenance.

(2) A resident of one of the territories who is temporarily present in the other territory for a period not exceeding one year, as an employee of, or under contract with, an enterprise of the former territory or an organization referred to in paragraph (1) solely to acquire technical, professional or business experience from a person other than such enterprise or organisation, shall be exempt from tax by such other territory or remuneration for such period in an amount not in excess of 15,000 French Francs (or the equivalent thereof in Pakistan

currency at the official rate of exchange) (including remuneration from such person in the other territory).

(3) A resident of one of the territories temporarily present in the other territory under arrangements with the Government of such other territory or any agency or instrumentality thereof solely for the purpose of training, study or orientation shall be exempt from tax by such other territory with respect to remuneration not exceeding 25,000 French Francs or the equivalent thereof in Pakistan currency at the official rate of exchange for the rendition of services directly related to such training, study or orientation (including remuneration if any, from the employer abroad of such resident).

#### *Article XXII*

The remuneration of citizens of one Contracting State going to the territory of the other Contracting State according to a French-Pakistan cultural and technical cooperation mission may be taxed in the former State even if that remuneration is partly borne by that other State or an institution or an enterprise of that State.

#### *Article XXIII*

The competent authorities of the two Contracting States may consult together as may be necessary to prescribe regulations necessary to carry into effect this Convention within the respective territories. They may communicate with each other directly for the purpose of giving effect to this Convention.

#### *Article XXIV*

(1) Where a resident of a Contracting State considers that the action of one or both of the Contracting States results 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 State shall endeavour to resolve by mutual agreement any difficulties arising as to the application of this Convention. They may also consult together for the elimination of double taxation in cases not provided for in this Convention.

#### *Article XXV*

This Convention may be extended, either in its entirety or with necessary modifications, to the overseas territories of the French Republic, or to one or to several of them, which imposes taxes substantially similar in character to those to which this Convention applies. Any such extension shall take effect from such date and subject to such modifications and conditions (including conditions as to termination) as may be specified and agreed between the Contracting States in notes to be exchanged through the diplomatic channels or in any other manner in accordance with their constitutional procedure.

(2) Unless otherwise agreed by both Contracting States the termination of this Convention by one of the Contracting States under Article XXVII shall also terminate the application of this Convention to any territory to which it has been extended under this Article.

#### *Article XXVI*

(1) The present Convention shall be ratified and the instruments of ratification shall be exchanged as soon as possible at Islamabad.

(2) The present Convention shall come into force on the date on which the instruments of ratification are exchanged and shall thereupon have effect—

(a) in Pakistan, in respect of the “previous years” (as defined by the tax laws of Pakistan) beginning on or after the first day of July, 1961;

(b) in France, in respect of the fiscal years beginning on or after the first day of January, 1962.

*Article XXVII*

The present Convention shall continue in effect without limitation of duration, but either of the Contracting States may, on or before the 30th day of June of any calendar year after 1971, give to the other Contracting State notice of termination and in such event, this Convention shall cease to be effective—

- (a) in Pakistan, in respect of the “previous years” (as defined by the tax laws of Pakistan) beginning on or after the first day of July next following such written notice of termination; and
- (b) in France, in respect of the fiscal years beginning on or after the first day of January next following such written notice of termination.

IN WITNESS WHEREOF, the undersigned have signed this Convention and have affixed thereto their seals.

DONE in duplicate at Paris on twenty-second day of July, one thousand nine hundred sixty-six, in the English and French language, both texts being equally authentic.

For the President  
of the French Republic:  
Gilbert DE CHAMBRUN

For the President  
of the Republic of Pakistan:  
J. A. RAHIM

## EXCHANGE OF LETTERS

## I

Paris, July 22, 1966

Excellency,

At the time of signing the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income negotiated between our two States and with reference to paragraph (1) of Article IX of the said Convention, I have the honour to inform you that the High Contracting Parties agreed to clarify, as indicated below, their understanding regarding the taxation of royalties accruing from the renting of cinematograph films and films used in connection with television.

In consideration of the present state of trade relations between France and Pakistan, the general rule laid down in Article IX of the Convention has been agreed to. It is, however, understood that, in the event of any important change taking place in this respect, the above rule would, by common agreement, be revised through a Supplementary Agreement amending the relevant provisions of the said Convention.

Accept, Excellency, the assurances of my highest consideration.

Gilbert DE CHAMBRUN

Son Excellence Monsieur Jalaluddin Abdur Rahim,  
Ambassadeur Extraordinaire et Plénipotentiaire  
du Pakistan en France, Paris.

## II

Paris, July 22, 1966

Excellency,

In to-day's letter, Your Excellency has kindly informed me of the following:

*[See letter I]*

2. I have the honour to inform Your Excellency that I confirm the text of the above Note.

Accept, Excellency, the assurances of my highest consideration.

J. A. RAHIM

Son Excellence Monsieur Gilbert de Chambrun  
Ministre Plénipotentiaire  
Directeur des Conventions Administratives et des Affaires Consulaires  
au Ministère des Affaires Étrangères  
Paris

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