

No. 13156

FEDERAL REPUBLIC OF GERMANY
and
SINGAPORE

**Agreement for the avoidance of double taxation with respect to taxes on income and capital (with protocol).
Signed at Singapore on 19 February 1972**

Authentic texts: German and English.

Registered by the Federal Republic of Germany on 20 March 1974.

RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
SINGAPOUR

Convention tendant à éviter les doubles impositions en matière d'impôts sur le revenu et sur la fortune (avec protocole). Signée à Singapour le 19 février 1972

Textes authentiques : allemand et anglais.

Enregistrée par la République fédérale d'Allemagne le 20 mars 1974.

AGREEMENT¹ BETWEEN THE FEDERAL REPUBLIC OF GERMANY AND THE REPUBLIC OF SINGAPORE FOR THE AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME AND CAPITAL

The Federal Republic of Germany and the Republic of Singapore,
Desiring to conclude an agreement for the avoidance of double taxation with respect to taxes on income and capital,
Have agreed as follows:

Article 1. PERSONAL SCOPE

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

Article 2. TAXES COVERED

1. This Agreement shall apply to taxes on income and on capital imposed on behalf of each Contracting State or of its *Länder*, political subdivisions or local authorities, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income and on capital all taxes imposed on total income, on total capital, or on elements of income or of capital, including taxes on gains from the alienation of movable or immovable property, as well as taxes on capital appreciation.

3. The existing taxes to which this Agreement shall apply are, in particular:

(a) in the Federal Republic of Germany:

- the *Einkommensteuer* (income tax) including the *Ergänzungsabgabe* (surcharge) thereon,
- the *Körperschaftsteuer* (corporation tax) including the *Ergänzungsabgabe* (surcharge) thereon,
- the *Vermögensteuer* (capital tax) and
- the *Gewerbesteuer* (trade tax)
(hereinafter referred to as “German tax”);

(b) in Singapore:

- the income tax
(hereinafter referred to as “Singapore tax”).

4. This Agreement shall also apply to any identical or substantially similar taxes which are subsequently imposed in addition to, or in place of, the existing taxes.

5. The provisions of this Agreement in respect of taxation of income or capital shall likewise apply to the German trade tax, computed on a basis other than income or capital.

Article 3. GENERAL DEFINITIONS

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

(a) The term “Federal Republic of Germany”, when used in a geographical

¹ Came into force on 28 September 1973, i.e. on the day after the date of exchange of the instruments of ratification, which took place at Singapore on 27 September 1973, in accordance with article 29(2).

sense, means the territory in which the Basic Law for the Federal Republic of Germany is in force, as well as any area adjacent to the territorial waters of the Federal Republic of Germany designated, in accordance with international law as related to the rights which the Federal Republic of Germany may exercise with respect to the sea bed and sub-soil and their natural resources, as domestic area for tax purposes;

(b) The term “Singapore” means the Republic of Singapore, and, when used in a geographical sense, the territory of Singapore as well as any area adjacent to the territorial waters of Singapore designated in accordance with international law as related to the rights which Singapore may exercise with respect to the sea bed and sub-soil and their natural resources, as domestic area for tax purposes;

(c) The terms “a Contracting State” and “the other Contracting State” mean the Federal Republic of Germany or Singapore, as the context requires;

(d) The term “person” includes an individual, a company and any body of persons treated as an entity for tax purposes;

(e) The term “company” means any body corporate or any entity, which is treated as a body corporate for tax purposes;

(f) The terms “resident of a Contracting State” and “resident of the other Contracting State” mean a person who is a resident of the Federal Republic of Germany or a person who is a resident of Singapore, as the context requires;

(g) The terms “enterprise of a Contracting State” and “enterprise of the other Contracting State” mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;

(h) The term “citizen” means:

(aa) in respect of the Federal Republic of Germany any German in the meaning of article 116, paragraph 1, of the Basic Law for the Federal Republic of Germany and any legal person, partnership and association deriving its status as such from the law in force in the Federal Republic of Germany;

(bb) in respect of Singapore any citizen of Singapore and any legal person, partnership and association deriving its status as such from the law in force in Singapore;

i) The term “competent authority” means in the case of the Federal Republic of Germany the Federal Minister for Economics and Finance, and in the case of Singapore the Minister for Finance or his authorized representative.

2. As regards the application of the Agreement by a Contracting State any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of the Agreement.

Article 4. FISCAL DOMICILE

1. For the purposes of this Agreement, 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 criterion of a similar nature.

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

(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 has not 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 question by mutual agreement.

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

Article 5. PERMANENT ESTABLISHMENT

1. For the purpose of this Agreement, the term “permanent establishment” means a fixed place of business in which the business of the enterprise is wholly or partly carried on.

2. The term “permanent establishment” shall include especially:

- (a) a place of management;
- (b) a branch;
- (c) an office;
- (d) a factory;
- (e) a workshop;
- (f) a farm or plantation;
- (g) a mine, oil well, quarry or other place of extraction of natural resources;
- (h) a building site or construction or assembly project which exists for more than six months.

3. The term “permanent establishment” shall not be deemed to include:

- (a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
- (b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
- (c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
- (d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise;
- (e) the maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character, for the enterprise.

4. A person acting in a Contracting State on behalf of an enterprise of the other Contracting State—other than an agent of an independent status to whom paragraph 5 applies—shall be deemed to be a permanent establishment in the first-mentioned State if:

- (a) 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 goods or merchandise for the enterprise;
- (b) he has, and habitually exercises in that State, an authority to fill orders on behalf of the enterprise from a stock of goods or merchandise which he maintains in that State and which belongs to the enterprise.

5. 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 an independent status, where such persons are acting in the ordinary course of their business.

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

Article 6. IMMOVABLE PROPERTY

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

2. The term "immovable property" shall be defined in accordance with the law of the Contracting State in which the property is situated. The term shall in any case include rights to variable or fixed payments as consideration for the working of, or the right to work, mines, oil wells, quarries or other places of extraction of natural resources. Ships, boats and aircrafts shall not be regarded as immovable property.

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

4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of professional services.

Article 7. BUSINESS PROFITS

1. The profits of an enterprise of a Contracting State 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 the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.

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

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

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

Article 8. SHIPS AND AIRCRAFT

1. Profits of an enterprise of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that State.

2. The provisions of paragraph 1 shall likewise apply in respect of participations in pools, in a joint business or in an international operation agency of any kind by enterprises engaged in the operation of ships or aircraft in international traffic.

Article 9. RELATED PERSONS

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 conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

Article 10. DIVIDENDS

1. Dividends paid by a company which is resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.

2. However, such dividends may be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the law of the State, but the tax so charged shall not exceed:

- (a) 10 per cent of the gross amount of the dividends if the recipient is a company which owns directly at least 25 per cent of the capital of the company paying the dividends;
- (b) in all other cases, 15 per cent of the gross amount of the dividends.

3. Notwithstanding the provisions of paragraph 2, German tax on dividends paid to a company which is a resident of Singapore by a company which is a resident of the Federal Republic of Germany, at least 25 per cent of the capital of which is owned directly or indirectly by the former company itself, or by it together with other persons controlling it or being under common control with it, may be charged at a rate exceeding 15 per cent but not exceeding 27 per cent if the rate of German corporation tax on distributed profits is lower than that on undistributed profits and the difference between those two rates is 15 percentage points or more.

4. Notwithstanding the provisions of paragraph 2, as long as Singapore does not impose a tax on dividends in addition to the tax chargeable on the profits or income of a company, dividends paid by a company which is a resident of Singapore to a resident of the Federal Republic of Germany shall be exempt from any tax in Singapore which may be chargeable on dividends in addition to the tax chargeable on the profits or income of the company.

Provided that nothing in this paragraph shall affect the provisions of Singapore law under which the tax in respect of a dividend paid by a company which is a resident of Singapore from which Singapore tax has been, or has been deemed to be

deducted, may be adjusted by reference to the rate of tax appropriate to the Singapore year of assessment immediately following that in which the dividend was paid.

5. The term “dividends” as used in this article means income from shares as well as income from other corporate rights assimilated to income from shares by the taxation law of the State of which the company making the distribution is a resident and includes distributions of an investment trust, and also includes in the case of the Federal Republic of Germany the income derived by a sleeping partner from his participation as such.

6. The provisions of paragraphs 1 to 4 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 which the holding by virtue of which the dividends are paid is effectively connected. In such a case, the provisions of article 7 shall apply.

7. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company to persons who are not residents of that other 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 such other State.

Article 11. INTEREST

1. Interest derived from a Contracting State by a resident of the other Contracting State may be taxed in that other State.

2. However, such interest may be taxed in the Contracting State from which it is derived, and according to the law of that State, but the tax so charged shall not exceed 10 per cent of the gross amount of such interest.

3. Notwithstanding the provisions of paragraph 2, interest derived from a Contracting State shall be exempt from tax in that State if the interest is received by

- (a) the other Contracting State, a *Land*, a political sub-division or a local authority thereof, or
- (b) in the case of the Federal Republic of Germany, the Deutsche Bundesbank, the Kreditanstalt für Wiederaufbau or the Deutsche Gesellschaft für wirtschaftliche Zusammenarbeit (Entwicklungsgesellschaft), and in the case of Singapore, the Board of Commissioners of Currency or the Monetary Authority of Singapore.

The competent authorities of the Contracting States shall determine by mutual agreement any other governmental institution to which this paragraph shall apply.

4. The term “interest” as used in this article means income from Government securities, 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 well as all other income assimilated to income from money lent by the taxation law of the State from which the income is derived.

5. The provisions of paragraphs 1 to 3 shall not apply if the recipient of the interest, being a resident of a Contracting State, has in the other Contracting State from which the interest is derived a permanent establishment with which the debt-claim from which the interest arises is effectively connected. In such a case, the provisions of article 7 shall apply.

6. Interest shall be deemed to be derived from a Contracting State when the payer is that State itself, a *Land*, a political subdivision, a local authority or a resi-

dent 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 in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment, then such interest shall be deemed to be derived from the Contracting State in which the permanent establishment is situated.

7. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the interest paid, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Agreement.

Article 12. ROYALTIES

1. Royalties derived from a Contracting State by a resident of the other Contracting State shall be taxable only in that other State.

2. Notwithstanding the provisions of paragraph 1, royalties received as consideration for the use of, or the right to use, any copyright of literary or artistic work, including cinematograph films or tapes for television or broadcasting, may be taxed in, and according to the law of, the Contracting State from which they are derived.

3. 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 of literary, artistic or scientific work, including cinematograph films or tapes for television or broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the royalties, being a resident of a Contracting State, has in the other Contracting State from which the royalties are derived a permanent establishment with which the right or property giving rise to the royalties is effectively connected. In such a case, the provisions of article 7 shall apply.

5. Royalties derived by a resident of a Contracting State shall be deemed to be derived from the other Contracting State when such royalties are so derived from that other State according to the law of that other State.

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 royalties paid, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Agreement.

Article 13. CAPITAL GAINS

1. Gains from the alienation of immovable property, as defined in paragraph 2 of article 6, may be taxed in the Contracting State in which such property is situated.

2. Gains from the alienation of movable property forming part of the business

property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise), may be taxed in the other State. However, gains from the alienation of movable property of the kind referred to in paragraph 3 of article 22 shall be taxable only in the Contracting State in which such movable property is taxable according to the said article.

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

Article 14. PERSONAL SERVICES

1. Subject to the provisions of articles 15 to 19, salaries, wages, or other similar compensation or remuneration derived by a resident of a Contracting State in respect of personal services (including professional services) shall be taxable only in that State, unless the services are rendered in the other Contracting State. If the services are so rendered, such compensation or remuneration as is derived therefrom may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1, compensation or remuneration derived by a resident of a Contracting State 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 during the calendar year;
- (b) the compensation or remuneration is paid by, or on behalf of, a person who is not resident of the other State;
- (c) the compensation or remuneration is not borne by a permanent establishment which the person paying the compensation or remuneration has in the other State; and
- (d) the compensation or remuneration is subject to tax in the first-mentioned State.

(3) Notwithstanding the provisions of paragraph 1, compensation or remuneration derived by a resident of a Contracting State in respect of an employment exercised aboard a ship or aircraft in international traffic shall be taxable only in that State.

Article 15. PUBLIC ENTERTAINERS

1. The provisions of paragraph 2 of article 14 shall apply to salaries, wages, or other similar compensation or remuneration in respect of personal services (including professional services) rendered in a Contracting State by public entertainers (such as stage, motion picture, radio or television artists, musicians and athletes) only if the visit to that Contracting State is substantially supported directly or indirectly from funds created by the other Contracting State, a *Land*, a political subdivision or a local authority thereof.

2. Notwithstanding anything contained in this Agreement, where the services mentioned in paragraph 1 are provided in a Contracting State by an enterprise of the other Contracting State then the profits derived from providing those services by such an enterprise may be taxed in the first-mentioned State unless the provision of such services by such enterprise is substantially supported directly or indirectly from funds created by that other State, a *Land*, a political subdivision or a local authority thereof.

Article 16. DIRECTORS' FEES

Directors' fees and similar payments derived by a resident of a Contracting

State in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other State.

Article 17. PENSIONS

Pensions and other similar remuneration paid to a resident of a Contracting State in consideration of past employment shall be taxable only in that State.

Article 18. PUBLIC FUNDS

1. Subject to the provisions of article 17, remuneration paid by, or out of funds created by a Contracting State, a *Land*, a political subdivision or a local authority thereof to any individual in respect of an employment shall be taxable only in that State. If, however, the employment is exercised in the other Contracting State by a resident of that State not being a citizen of the first-mentioned State, the remuneration shall be taxable only in that other State.

2. The provisions of articles 14 to 16 shall apply to remuneration in respect of an employment in connection with any business carried on by a Contracting State, a *Land*, a political subdivision or a local authority thereof for the purpose of profits.

Article 19. TEACHERS, STUDENTS AND TRAINEES

1. A professor or teacher who is, or immediately before was, a resident of a Contracting State and who visits the other Contracting State for a period not exceeding two years for the purpose of carrying out advanced study or research or for teaching at a recognized university, college or other similar institution not operated for the purposes of profit shall not be taxed in that other State on his remuneration for such work, provided that such remuneration is derived by him from outside that other State.

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

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

(b) for a period not exceeding three years, on any remuneration not exceeding 6 000 DM or the equivalent in Singapore dollars for the calendar year for personal services rendered in that other Contracting State with a view to supplementing the resources available to him for such purposes.

3. An individual who was a resident of a Contracting State immediately before visiting the other Contracting State and is temporarily present in that other State solely for the purpose of study, research or training as a recipient of a grant, allowance or award from a scientific, educational, religious or charitable organisation or under a technical assistance program entered into by the Government of a Contracting State shall, for a period not exceeding two years from the date of his first arrival in that other State in connection with that visit, be exempt from tax in that other State on

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

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

(c) any remuneration not exceeding 6 000 DM or the equivalent in Singapore

dollars for the calendar year for personal services rendered in that other State, provided that such services form part of his study, research or training.

Article 20. INCOME NOT EXPRESSLY MENTIONED

Items of income of a resident of a Contracting State which are not expressly mentioned in the foregoing articles of this Agreement shall be taxable only in that State.

Article 21. LIMITATION OF RELIEF

Where, under any provision of this Agreement, income derived from a Contracting State, except interest to which paragraph 3 of article 11 applies, is relieved from tax in that State and, under the law in force in the other Contracting State, such income is subject to tax by reference to the amount thereof which is remitted to or received in that other State and not by reference to the full amount thereof, then the relief to be allowed under this Agreement in the first-mentioned State shall apply only to so much of the income as is remitted to or received in the other State.

Article 22. CAPITAL

1. Capital represented by immovable property, as defined in paragraph 2 of article 6, may be taxed in the Contracting State in which such property is situated.

2. Capital represented by movable property forming part of the business property of a permanent establishment of an enterprise may be taxed in the Contracting State in which the permanent establishment is situated.

3. Ships and aircraft operated in international traffic by an enterprise of a Contracting State and movable property pertaining to the operation of such ships and aircraft, shall be taxable only in that State.

4. All other elements of capital of a resident of a Contracting State shall be taxable only in that State.

Article 23. RELIEF FROM DOUBLE TAXATION

1. Tax shall be determined in the case of a resident of the Federal Republic of Germany as follows:

(a) Unless the provisions of sub-paragraph *b* apply, there shall be excluded from the basis upon which German tax is imposed, any item of income derived from, and any item of capital situated within Singapore, which, according to this Agreement, may be taxed in Singapore. The Federal Republic of Germany, however, retains the right to take into account in the determination of its rate of tax the items of income and capital so excluded. In the case of income from dividends, the foregoing provisions of this sub-paragraph shall apply only to such dividends as are paid to a company being a resident of the Federal Republic of Germany by a company being a resident of Singapore if at least 25 per cent of the capital of the Singapore company is owned directly by the German company. There shall also be excluded from the basis upon which German tax is imposed any shareholding, the dividends of which, if paid, would be excluded from the basis upon which tax is imposed according to the immediately foregoing sentence.

(b) Subject to the provisions of German tax law regarding credit for foreign tax, there shall be allowed as a credit against German income tax or corporation tax payable in respect of the following items of income derived from Singapore, the Singapore tax paid under the laws of Singapore and in accordance with this Agreement on

(aa) dividends to which sub-paragraph *a* does not apply;

- (bb) interest to which paragraph 2 of article 11 applies;
- (cc) royalties to which paragraph 2 of article 12 applies;
- (dd) income to which article 15 applies;
- (ee) remuneration to which article 16 applies.

The credit shall not, however, exceed that part of the German tax, as computed before the credit is given, which is appropriate to such items of income.

(c) For purposes of credit referred to in sub-paragraph *b*, where the rate of Singapore tax on interest to which paragraph 2 of article 11 applies is reduced below 10 per cent of the gross amount of such interest by virtue of special incentive measures designed to promote economic development in Singapore, the amount of Singapore tax shall be deemed to be 10 per cent of the gross amount of such interest.

(d) For purposes of taxation of royalties to which paragraph 2 of article 12 does not apply, where such royalties would, but for paragraph 1 of article 12, have been exempted from Singapore tax by virtue of special incentive measures designed to promote economic development in Singapore, there shall be allowed as a credit as referred to in sub-paragraph *b* an amount of 10 per cent of the gross amount of such royalties.

2. Tax shall be determined in the case of a resident of Singapore as follows:

(a) Subject to the provisions of Singapore tax law regarding credit for foreign tax, there shall be allowed as a credit against Singapore tax payable in respect of any item of income derived from, and any item of capital situated within the Federal Republic of Germany, the German tax paid under the laws of the Federal Republic of Germany and in accordance with this Agreement. The credit shall not, however, exceed that part of the Singapore tax, as computed before the credit is given, which is appropriate to such item of income.

(b) Where such income is a dividend paid by a company which is a resident of the Federal Republic of Germany to a company which is a resident of Singapore and which owns directly or indirectly not less than 25 per cent of the capital of the German company, the credit shall take into account (in addition to any German tax on dividends) the German corporation tax payable in respect of its profits by the company paying the dividends.

Article 24. NON-DISCRIMINATION

1. The citizens 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 citizens of that other State in the same circumstances are or may be subjected.

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

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 or any other personal circumstances which it grants to its own residents.

3. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled directly or indirectly by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is other or more burdensome than the

taxation and connected requirements to which other similar enterprises of that first-mentioned State are or may be subjected.

Article 25. MUTUAL AGREEMENT PROCEDURE

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 Agreement, 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 Agreement.

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

4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of applying the provisions of this Agreement.

Article 26. EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is necessary for the carrying out of this Agreement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons, authorities or courts other than those concerned with the assessment, collection or prosecution in respect of taxes which are the subject of this Agreement.

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

- (a) to carry out administrative measures at variance with the laws, or the administrative practice of that or of the other Contracting State;
- (b) to supply particulars which are not obtainable under the laws, or in the normal course of the administration of that or of the other Contracting State;
- (c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy.

Article 27. DIPLOMATIC AND CONSULAR PRIVILEGES

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

Article 28. LAND BERLIN

This Agreement shall also apply to *Land* Berlin, provided that the Government of the Federal Republic of Germany has not made a contrary declaration to the Government of the Republic of Singapore within three months from the date of entry into force of this Agreement.

Article 29. ENTRY INTO FORCE

1. This Agreement shall be ratified and the instruments of ratification shall be exchanged as soon as possible.

2. This Agreement shall enter into force on the day after the date of exchange of the instruments of ratification and shall have effect:

- (a) in the Federal Republic of Germany in respect of taxes which are levied for any assessment period beginning on or after January 1, 1968;
- (b) in Singapore in respect of taxes which are levied for any year of assessment beginning on or after January 1, 1969;

Article 30. TERMINATION

This Agreement shall continue in effect indefinitely, but either of the Contracting States may, on or before the thirtieth day of June in any calendar year beginning after the expiration of a period of five years from the date of its entry into force, give to the other Contracting State, through diplomatic channels, written notice of termination and, in such event, this Agreement shall cease to be effective:

- a) in the Federal Republic of Germany in respect of taxes which are levied for any assessment period following that in which the notice of termination is given;
- b) in Singapore in respect of taxes which are levied for any year of assessment following the year after the year in which the notice of termination is given.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed this Agreement.

DONE at Singapore this 19th day of February, 1972, in four originals, two each in the English and German languages, all the texts being equally authentic.

For the Federal Republic of Germany:
WILHELM LÖER

For the Republic of Singapore:
Dr. HON SUI SEN

PROTOCOL

The Federal Republic of Germany and the Republic of Singapore

Have Agreed at the signing at Singapore on 19th February, 1972, of the Agreement between the two States for the avoidance of double taxation with respect to taxes on income and capital upon the following provisions which shall form an integral part of the said Agreement.

1. *With reference to article 5*

It is understood that an enterprise of a Contracting State shall be deemed to have a permanent establishment in the other Contracting State if it carries on supervisory activities in that other State for more than six months in connection with a construction, installation or assembly project which is being undertaken in that other State.

2. *With reference to articles 8 and 22*

The provisions of articles 8 and 22 of the Agreement shall apply to any item of income derived from the Federal Republic of Germany, or to any item of capital situated within the Federal Republic of Germany owned, by a company or a body of persons treated as an entity for tax purposes which is a resident of Singapore more than 50 per cent of the capital of which is owned directly or indirectly by persons who are not residents of Singapore, only if such company or body of persons proves that the Singapore tax appropriate to the income is equal to the Singapore tax which would have been appropriate to such income if the Singapore tax were computed without regard to any provision identical or similar to the provisions of section 13 A of the Singapore Income Tax Ordinance as inserted by the Income Tax (amendment) Act, 1969.

3. *With reference to article 23*

Notwithstanding the provisions of paragraph 1, sub-paragraph *a*, of article 23 of the Agreement, the provisions of paragraph 1, sub-paragraph *b*, of that article shall apply likewise to the profits of, and to the capital represented by property forming part of the business property of, a permanent establishment; to dividends paid by, and to the shareholding in, a company; or to gains referred to in paragraph 2 of article 13 of the Agreement, provided that the resident of the Federal Republic of Germany concerned does not prove that the receipts of the permanent establishment or company are derived exclusively or almost exclusively

- (a) from producing or selling goods or merchandise, rendering engineering services, or doing banking or insurance business, within Singapore, or
- (b) from dividends paid by one or more companies, being residents of Singapore, more than 25 per cent of the capital of which is owned by the first-mentioned company, which themselves derive their receipts exclusively or almost exclusively from producing or selling goods and merchandise, rendering engineering services, or doing banking or insurance business, within Singapore.

For the Federal Republic of Germany:

WILHELM LÖER

For the Republic of Singapore:

Dr. HON SUI SEN
