

No. 14056

**FRANCE
and
IRAN**

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Tehran on 7 November 1973

Authentic texts: French and Persian.

Registered by France on 27 May 1975.

**FRANCE
et
IRAN**

Convention tendant à éviter les doubles impositions et à prévenir l'évasion fiscale en matière d'impôts sur le revenu. Signée à Téhéran le 7 novembre 1973

Textes authentiques : français et persan.

Enregistré par la France le 27 mai 1975.

[TRANSLATION — TRADUCTION]

CONVENTION¹ BETWEEN THE FRENCH REPUBLIC AND THE EMPIRE OF IRAN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The President of the French Republic and His Majesty the Shahanshah of Iran, Desiring to consolidate the friendly relations between the two countries, have decided to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, and for that purpose have appointed as their Plenipotentiaries:

The President of the French Republic: Mr. Robert de Souza, Ambassador Extraordinary and Plenipotentiary of the Republic to Iran;

His Majesty the Shahanshah of Iran: Mr. Abbas Ali Khalatbary, Minister for Foreign Affairs,

who, having communicated to each other their full powers, found in good and due form, have agreed on the following provisions:

Article 1. 1. This Convention shall apply to persons who are residents of one or both of the Contracting States.

2. This Convention shall not apply to income of any kind derived from an activity carried on in Iran which is approved under the special Iranian legislation concerning contracts relating to petroleum and its derivatives.

Article 2. 1. This Convention shall apply to taxes on income imposed on behalf of each Contracting State or of its administrative subdivisions or local authorities, irrespective of the manner in which they are levied.

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

3. The existing taxes to which this Convention shall apply are:

(a) In Iran:

— The tax on income, including additional taxes (hereinafter referred to as "Iranian tax");

(b) In France:

(i) The tax on the income of individuals (*l'impôt sur le revenu des personnes physiques*);

(ii) The tax on companies (*l'impôt sur les sociétés*), including any withholdings, prelevies (*précomptes*) or advance payments in respect of the aforementioned taxes (hereinafter referred to as "French tax").

¹ Came into force on 10 April 1975, i.e., one month after the date of the exchange of the instruments of ratification, which took place at Paris on 10 March 1975, in accordance with article 29 (1) and (2).

4. The 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. The competent authorities of the Contracting States shall notify each other of any changes in their respective taxation laws.

5. If, by reason of changes in the taxation law of one of the Contracting States, it appears appropriate to amend any article of the Convention without thereby affecting the general principles of the Convention, the requisite changes may be made by mutual agreement in notes to be exchanged through the diplomatic channel or in any other manner in accordance with their respective constitutional procedures.

Article 3. 1. In this Convention, unless the context otherwise requires:

(a) The term "Iran" means the territory of the Empire of Iran;

(b) The term "France" means the European *départements* and overseas *départements* (Guadeloupe, Guiana, Martinique and Réunion) of the French Republic;

(c) The term "a Contracting State" and "the Contracting State" mean Iran or France, as the context requires;

(d) The term "person" comprises an individual, a company and any other body of persons;

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

(f) 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;

(g) The term "competent authority" means:

- in the case of Iran, the Minister of Finance or his authorized representative;
- in the case of France, the Minister of Economic Affairs and Finance or his authorized representative.

2. As regards the application of the Convention 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 Convention.

Article 4. 1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the law of that State, is liable to taxation therein by reason of his domicile, residence, place of management or any other 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 Con-

tracting State, he shall be deemed to be a resident of the Contracting State in which he has a habitual abode;

- (c) If he has a habitual abode in both Contracting States or in neither of them, he shall be deemed to be a resident of the Contracting State of which he is a national;
- (d) If he is a national of both Contracting States or of 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. 1. For the purposes of this Convention, 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) a sales establishment;
- (d) an office;
- (e) a factory;
- (f) a workshop;
- (g) a mine, 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 he has, and habitually exercises in the 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.

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 constitute either company a permanent establishment of the other.

Article 6. 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 taxation law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships, boats and aircraft shall not be regarded as immovable property.

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

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

Article 7. 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. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary, but the method adopted shall be in accordance with the regulations of the State in which the permanent establishment is situated.

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

Article 8. 1. Profits from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

2. If the place of effective management of a shipping enterprise is aboard a ship, then it shall be deemed to be situated in the Contracting State in which the home harbour of the ship is situated, or, if there is no such home harbour, in the Contracting State of which the operator of the ship is a resident.

Article 9. 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. 1. Dividends paid by a company which is a 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 that State, but the tax so charged shall not exceed:

- (a) 15 per cent of the gross amount of the dividends if the recipient of the dividends is a company (excluding partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends;
- (b) in all other cases, 20 per cent of the gross amount of the dividends.

3. (a) A resident of Iran who received dividends distributed by a company which is a resident of France may apply for a refund of any prelevy (*précompte*) paid in respect of such dividends by the company making the distribution;

(b) The gross amount of any prelevy which is refunded shall be regarded as a dividend for the purposes of the application of the provisions of the Convention as a whole.

4. The term "dividends" as used in this article means income from shares, *jouissance* shares or *jouissance* rights, mining shares, founders' shares or other rights, not being debt-claims, participating in profits, 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.

5. The provisions of paragraphs 1, 2 and 3 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 estab-

lishment with which the holding by virtue of which the dividends are paid is effectively connected. In such a case, the provisions of article 7 shall apply.

6. Companies being residents of Iran which maintain a permanent establishment in France shall remain subject to withholding tax under the conditions prescribed by the domestic law of France, it being understood, however, that the tax base shall be reduced by one third and that the rate applicable shall be that specified in paragraph 2 (a) of this article.

Article 11. 1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such interest may be taxed in the Contracting State in which it arises, and according to the law of that State, but the tax so charged shall not exceed 15 per cent of the amount of the interest.

3. Notwithstanding the provisions of paragraph 2, interest as referred to in paragraph 1 shall not be taxed in the Contracting State in which it arises if it is paid on loans or credits granted by the Government of one of the Contracting States or by an enterprise of that State under a financial agreement between the two Contracting States to a resident of the other Contracting State for the financing of operations which fall within the scope of exemptions established for this category of income by the domestic taxation law of that other State.

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 in which the income arises.

5. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the interest, being a resident of a Contracting State, has in the other Contracting State in which the interest arises a permanent establishment with which the debt-claim from which the interest arises is effectively connected. In such a case, the provisions of article 7 shall apply.

6. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connexion 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 arise in 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 Convention.

Article 12. 1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such royalties may be taxed in the Contracting State in which

they arise, and according to the law of that State, but the tax so charged shall not exceed 10 per cent of the gross amount of the royalties.

3. The term "royalties" as used in this article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films, 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 paragraph 2 shall not apply to royalties arising in one of the Contracting States and paid to a resident of the other State either for the use of, or the right to use, a copyright of literary, artistic or scientific work or for the use of, or the right to use, television films or tapes of television or radio programmes where, in the latter case, the recipient is a public authority or agency of that other State.

5. The provisions of paragraphs 1, 2 and 4 shall not apply if the recipient of the royalties, 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, the provisions of article 7 shall apply.

6. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, an administrative subdivision, a local authority or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connexion with which the obligation to pay the royalties was incurred, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the 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 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 Convention, in particular article 9.

Article 13. 1. Gains from the alienation of immovable property, as defined in article 6, paragraph 2, or from the alienation of shares or similar rights in a company whose business property consists principally of immovable property, 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 or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing professional services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base, may be taxed in the other State. However, gains from the alienation of ships or aircraft operated in international traffic and of movable property pertaining to the operation of such ships or aircraft shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

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. 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 that State unless he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities. If he has such a fixed base, the income may be taxed in the other Contracting State but only so much of it as is attributable to that fixed base.

2. The term "professional services" includes, especially, independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

Article 15. 1. Subject to the provisions of articles 16, 18 and 19, 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, 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;
- (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 borne by a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the preceding provisions of this article, remuneration in respect of an employment exercised aboard a ship or aircraft in international traffic may be taxed in the Contracting State in which the place of effective management of the enterprise is situated.

Article 16. 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. Notwithstanding the provisions of articles 14 and 15, 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 18. Subject to the provisions of article 19, paragraph 1, 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 19. 1. Remuneration, including pensions, paid by, or out of funds created by, a Contracting State or a political subdivision, a local authority or a public establishment thereof to any individual in respect of services rendered to that State or subdivision, local authority or public establishment thereof in the discharge of functions of a governmental nature may be taxed in that State.

2. The provisions of articles 15, 16 and 18 shall apply to remuneration or pensions in respect of services rendered in connexion with any trade or business carried on by one of the Contracting States or a political subdivision, a local authority or a public establishment thereof.

Article 20. Payments which a student or business apprentice who is or was formerly a resident of a Contracting State and who is present in the other Contracting State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that other State, provided that such payments are made to him from sources outside that other State.

The same shall apply to any remuneration derived by such a student or business apprentice from an employment exercised in the Contracting State in which he is receiving his education or training, provided that such employment is directly related to his education or training and that its duration does not exceed 183 days in a given tax year.

Article 21. TEACHERS AND EXPERTS. 1. A resident of one of the Contracting States who goes to the other Contracting State solely for the purpose of teaching or engaging in research at a university, a college, a school or any other officially recognized non-profit educational or research establishment shall not be liable to tax in that other State on any remuneration derived by him from sources in the first-mentioned State.

2. A resident of one of the Contracting States who goes to the other Contracting State, as an expert or in any other capacity, under the terms of technical and scientific co-operation agreements concluded between the two Contracting States shall not be liable to tax in that other State on the portion of his remuneration paid by the first-mentioned State.

Article 22. Items of income of a resident of a Contracting State which are not expressly mentioned in the foregoing articles of this Convention shall be taxable only in that State.

Article 23. Double taxation shall be avoided as follows:

1. *In the case of Iran:*

The amount of the tax levied in France, in accordance with the provisions of this Convention, on income originating in France shall be allowed as a deduction from the Iranian tax on the same income. The amount deductible shall not exceed that part of the Iranian tax, as computed before the deduction is given, which is appropriate to the income originating in France.

2. *In the case of France:*

(a) Income other than that referred to in subparagraph (b) below shall be exempt from the French taxes referred to in article 2, paragraph 3 (b), where such income may be taxed in Iran under this Convention.

(b) As regards income referred to in articles 10, 11, 12, 16 and 17 which has borne Iranian tax in accordance with the provisions of those articles, France shall allow residents of France receiving such income from Iranian sources a tax credit corresponding to the amount of the tax levied in Iran.

This tax credit, which shall not exceed the amount of the tax levied on such income, shall be allowed against the taxes referred to in article 2, paragraph 3 (b), in the bases of which such income is included.

(c) However, if dividends or royalties referred to in subparagraph (b) above are exempt from Iranian tax, or are taxed in Iran at a reduced rate, under special measures laid down by Iranian law to encourage the development of Iran's economy, there shall be allowed as a deduction from the French tax on such dividends or royalties the amount of the Iranian tax which would be payable in the absence of such special measures, it being understood that the amount thus deductible shall not exceed the amount which may be levied as Iranian tax in accordance with the provisions of article 10, paragraph 2 (b), and article 12, paragraph 2, respectively. The competent authorities of the Contracting States shall determine by agreement, in accordance with article 25, which are the provisions of Iranian law laying down special measures in the sense of the foregoing provisions.

(d) Notwithstanding the provisions of article 1, paragraph 2, of this Convention, where dividends are distributed by a company being a resident of Iran which has been subjected to the Iranian tax on the profits of petroleum companies, such dividends shall entitle the recipient to a tax credit calculated at the rate specified in article 10, paragraph 2 (b), which shall be allowed against French tax as specified in the second sentence of subparagraph (b) above.

(e) Notwithstanding the provisions of subparagraphs (a) and (b) above, French tax on income which may be taxed in France under this Convention may be calculated at the rate appropriate to the total amount of income which may be taxed in accordance with French law.

Article 24. 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.

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.

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

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 other similar enterprises of that first-mentioned State are or may be subjected.

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

Article 25. 1. Where a resident of a Contracting State considers that the actions of one or both of the Contracting States result or will result for him in taxation

not in accordance with this Convention, he may, notwithstanding the remedies provided by the national laws of those States, present his case to the competent authority of the Contracting State of which he is a resident.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at an appropriate solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation not in accordance with the Convention.

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

4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs. When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take place through a commission consisting of representatives of the competent authorities of the Contracting States.

5. The competent authorities of the Contracting States shall, if the need arises, settle by mutual agreement the mode of application of this Convention.

Article 26. 1. The competent authorities of the Contracting States shall exchange such information as is necessary for the carrying out of this Convention and of the domestic laws of the Contracting States concerning taxes covered by this Convention in so far as the taxation thereunder is in accordance with this Convention. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons or authorities other than those concerned with the assessment or collection of the taxes which are the subject of the Convention.

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 (*ordre public*).

Article 27. 1. Nothing in this Convention shall affect the fiscal privileges of diplomatic or consular officials under the general rules of international law or under the provisions of special agreements.

2. The Convention shall not apply to international organizations, to organs and officials thereof or to persons who, being members of a diplomatic or consular mission of a third State, are present in a Contracting State and are not treated as residents of either Contracting State in respect of taxes on income and fortune.

Article 28. 1. This Convention may be extended, either in its entirety or with any necessary modifications, to Overseas Territories of the French Republic which impose taxes substantially similar in character to those to which the 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 channel or in any other manner in accordance with their constitutional procedures.

2. Unless otherwise agreed by both Contracting States, the denunciation of the Convention by one of them under article 30 shall terminate, in the manner provided for in that article, the application of the Convention to any territory to which it has been extended under this article.

Article 29 1. This Convention shall be ratified and the instruments of ratification shall be exchanged at Tehran as soon as possible.

2. The Convention shall enter into force one month after the date of exchange of instruments of ratification.

Its provisions shall apply for the first time:

(a) In Iran:

- (i) in respect of taxes levied by deduction at the source, to sums paid on or after the date of entry into force of this Convention;
- (ii) in respect of other taxes on income, to the assessment year following the year of its entry into force and subsequent years;

(b) In France:

- (i) in respect of taxes levied by deduction at the source, to sums paid on or after the date of entry into force of this Convention.
- (ii) in respect of other taxes on income, to the assessment year following the year of its entry into force and subsequent years.

3. The Agreement concluded between the Government of the French Republic and the Imperial Government of Iran, through an exchange of letters on 19 July 1956 and 30 August 1956, for the avoidance of double taxation on income from air transport shall not apply during any year or period to which this Convention applies.

Article 30. This Convention shall remain in force until denounced by one of the Contracting States. Either Contracting State may denounce the Convention, through the diplomatic channel, by giving notice of termination at least six months before the end of any calendar year after the first day of January of the fifth year following the year of its ratification. In such event, the Convention shall cease to have effect:

(a) In Iran:

- (i) in respect of taxes levied by deduction at the source, as regards sums paid on or after the first day of January of the year next following the year in which notice of termination is given; and
- (ii) in respect of other taxes on income, as regards any assessment year following the year in which notice of termination is given.

(b) In France:

- (i) in respect of taxes levied by deduction at the source, as regards sums paid on or after the first day of January of the year next following the year in which notice of termination is given; and
- (ii) in respect of other taxes on income, as regards any assessment year following the year in which notice of termination is given.

IN WITNESS WHEREOF the plenipotentiaries of the two States have signed this Convention and have thereto affixed their seals.

DONE in duplicate at Tehran, on 7 November 1973, in the French and Persian languages, both texts being equally authentic.

For the French Republic:

[Signed]

ROBERT DE SOUZA

For Iran:

[Signed]

ABBAS ALI KHALATBARY
