

**No. 14417**

---

**FRANCE  
and  
YUGOSLAVIA**

**Convention for the avoidance of double taxation with respect to taxes on income (with protocol). Signed at Paris on 28 March 1974**

*Authentic texts: French and Serbo-Croatian.  
Registered by France on 13 November 1975.*

---

**FRANCE  
et  
YUGOSLAVIE**

**Convention tendant à éviter les doubles impositions en matière d'impôts sur les revenus (avec protocole). Signée à Paris le 28 mars 1974**

*Textes authentiques : français et serbo-croate.  
Enregistrée par la France le 13 novembre 1975.*

## [TRANSLATION — TRADUCTION]

CONVENTION<sup>1</sup> BETWEEN THE GOVERNMENT OF THE FRENCH REPUBLIC AND THE GOVERNMENT OF THE SOCIALIST FEDERAL REPUBLIC OF YUGOSLAVIA FOR THE AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME

The Government of the French Republic and the Government of the Socialist Federal Republic of Yugoslavia, desiring to conclude a Convention for the avoidance of double taxation with respect to taxes on income, have agreed on the following provisions:

## CHAPTER 1. SCOPE OF THE CONVENTION

*Article 1. PERSONAL SCOPE*

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

*Article 2. TAXES COVERED*

1. This Convention shall apply to taxes on income imposed on behalf of each Contracting State or of its political 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.

3. The taxes to which the Convention shall apply are:

(a) In the case of France:

- The income tax;
  - The company tax;
- including all withholdings, advance collections (*précomptes*) and prepayments in respect of the above taxes, (hereinafter referred to as “French tax”);

(b) In the case of Yugoslavia:

- (i) Scholar taxes and levies on the income of individuals (dependent activities, agricultural profits, income of craftsmen and income from other independent activities and professions);
- (ii) The tax on the total income of individuals;
- (iii) The tax on income derived from the use of or the granting of the right to use a copyright, a patent or technical improvements;
- (iv) The tax on the income of foreign persons who invest in a national enterprise for a joint activity, (hereinafter referred to as “Yugoslav tax”).

<sup>1</sup> Came into force on 1 August 1975, i.e. the first day of the month following the month during which the last of the notifications took place (effected on 27 June and 10 July 1975) by which the Parties informed each other of the completion of their required legislative procedures, in accordance with article 29 (1).

4. The Convention shall also apply to any identical or substantially similar taxes which enter into effect after the date of signature of this Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting State shall notify each other of any major changes made in their respective taxation laws.

## CHAPTER II. DEFINITIONS

### Article 3. GENERAL DEFINITIONS

1. In this Convention:

(a) The term "State" means France or Yugoslavia, as the context requires;

(b) The term "France" means the European *départements* and overseas *départements* (Guadeloupe, Guiana, Martinique and Réunion) of the French Republic and any areas outside the territorial sea of France within which, in accordance with international law and under French law, the rights of France with respect to the sea-bed and subsoil and their natural resources may be exercised;

(c) The term "Yugoslavia" means the territory of the Socialist Federal Republic of Yugoslavia and any areas outside the territorial sea of Yugoslavia within which, in accordance with international law and under Yugoslav law, the rights of Yugoslavia with respect to the sea-bed and subsoil and their natural resources may be exercised;

(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 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:

- (1) In France: the Minister of Economic Affairs and Finance or his duly authorized representative;
- (2) In Yugoslavia: the Federal Secretary of Finance or his duly 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. FISCAL DOMICILE

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 his status 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 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. PERMANENT ESTABLISHMENT*

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) An office;
- (d) A factory;
- (e) A workshop;
- (f) A mine, quarry or other place of extraction of natural resources;
- (g) A building site or construction or assembly project which exists for more than twelve 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 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.

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.

### CHAPTER III. TAXATION OF INCOME

#### *Article 6.* INCOME FROM IMMOVABLE PROPERTY

1. Income from immovable property, including income from agriculture or forestry, 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.* BUSINESS PROFITS

1. The profits of an industrial, commercial or craft 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. Profits from the activities of a permanent establishment shall be determined primarily on the basis of the balance-sheet of that permanent establishment. If the permanent establishment does not maintain regular accounts showing its profits separately and accurately, an apportionment of the total profits of the enterprise may be effected for the purpose of determining the profits of the permanent establishment.

The competent authorities of the Contracting States shall, if necessary, draw up by mutual agreement the rules for apportioning the profits of the enterprise in the absence of regular accounts showing separately and accurately the profits pertaining to permanent establishments situated in their respective territories.

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. MARITIME AND RIVER SHIPPING AND AIR TRANSPORT*

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 maritime or river 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.

3. The provisions of paragraphs 1 and 2 shall also apply to profits from participation in a pool, a joint business or an international operating agency.

#### *Article 9. ASSOCIATED ENTERPRISES*

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 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) 5 per cent of the gross amount of the dividends if the recipient is a company which holds 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. 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 Contracting State of which the company making the distribution is a resident.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the dividends, being a resident of one of the States, has in the other 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.

5. A person being a resident of Yugoslavia who receives dividends distributed by a company being a resident of France may request reimbursement of any advance collection which has been made from the distributing company in respect of those dividends, subject to deduction of the tax referred to in paragraph 2 above.

6. Where a company which is a resident of Yugoslavia maintains a permanent establishment in France, it may be subjected therein to the withholding tax under the conditions laid down by French domestic law.

#### Article 11. INTEREST

1. Interest 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 "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, deposits 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.

3. The provisions of paragraph 1 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.

4. 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.

5. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the 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. ROYALTIES*

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 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 and television or radio films and tapes, 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.

3. The provisions of paragraph 1 shall not apply if the recipient of the royalties, being a resident of a Contracting State, carries on in the other Contracting State in which the royalties arise any industrial, commercial or craft business through a permanent establishment or performs in that other State professional services by means of a fixed base, and if the right or property giving rise to the royalties is effectively connected therewith. In such a case, the provisions of article 7 or article 14, as the case may be, shall apply.

4. 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.

### *Article 13. CAPITAL GAINS*

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 primarily of immovable property may be taxed in the Contracting State in which such immovable 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 independent personal 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.

3. 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.

### *Article 14. INDEPENDENT PERSONAL SERVICES*

1. Income derived by a resident of a Contracting State in respect of independent activities shall be taxable only in that State unless such activities were performed in the other Contracting State. Income from independent activities performed in the other Contracting State may be taxed in that other State.



2. Notwithstanding the provisions of paragraph 1, income derived by a resident of a Contracting State in respect of independent activities performed in the other Contracting State shall not be taxable in that other State if:

- (a) The recipient is present in the other Contracting State for a period or periods not exceeding in the aggregate 183 days in the fiscal year concerned, and
- (b) The recipient does not have a fixed base available to him in the other State for a period or periods exceeding in the aggregate 183 days in the said year.

3. The term “independent activities” means any activities—other than commercial, industrial or agricultural activities—performed independently, on his own account, by a person who derives the profits or bears the losses from such activities.

#### *Article 15. DEPENDENT PERSONAL SERVICES*

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, 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 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*

1. Directors' fees and similar payments derived by a resident of Yugoslavia in his capacity as a member of the board of directors or directorate of a company which is a resident of France may be taxed in the latter State.

2. Similar remuneration derived by a resident of France in respect of the performance of functions similar to those defined in paragraph 1 above from an enterprise which is a resident of Yugoslavia may be taxed in the latter State.

#### *Article 17. ARTISTS AND ATHLETES*

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. PENSIONS*

Subject to the provisions of article 19, 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.* GOVERNMENTAL FUNCTIONS

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

*Article 20.* TEACHERS

A resident of a Contracting State who is present in the other Contracting State primarily for the purpose of teaching and/or engaging in research work shall be exempt from tax in the last-mentioned Contracting State, for a period not exceeding two years from the date of his arrival in that State, in respect of the income he derives from personal services rendered for the purpose of teaching or research. This provision shall not apply to income derived from teaching and research work if such work is undertaken not in the public interest but primarily for the private benefit of a specific person or persons.

*Article 21.* STUDENTS AND BUSINESS APPRENTICES

1. Payments which a student or business apprentice who is 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.

2. The same shall apply to remuneration derived by any such student or business apprentice in respect of an employment exercised in the Contracting State in which he is pursuing his education or training, provided that such remuneration is strictly necessary for his maintenance.

*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.

CHAPTER IV

*Article 23.* METHODS FOR ELIMINATION OF DOUBLE TAXATION

Double taxation shall be avoided as follows:

A. In 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 (a), where such income may be taxed in Yugoslavia under this Convention.

(b) In the case of income of the kinds referred to in articles 10, 16 and 17 on which Yugoslav tax has been paid in accordance with the provisions of those articles, France shall grant to persons being residents of France who derive such income a tax credit in an amount equal to the Yugoslav tax.

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

(c) Notwithstanding the provisions of subparagraphs (a) and (b), French tax may be calculated on the income which may be taxed in France under this Conven-

tion at the rate appropriate to the total amount of the income which may be taxed in accordance with French law.

B. In Yugoslavia:

(a) Income shall be exempt from the Yugoslav taxes referred to in article 2, paragraph 3 (b), where such income may be taxed in France under this Convention.

(b) Notwithstanding the provisions of subparagraph (a), Yugoslav tax may be calculated on the total income which may be taxed in Yugoslavia under this Convention at the rate appropriate to the total amount of the income which may be taxed in accordance with Yugoslav law.

#### CHAPTER V. SPECIAL PROVISIONS

##### *Article 24.* NON-DISCRIMINATION

1. Nationals of a Contracting State, whether or not they are residents of one of the Contracting States, shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected.

In particular, nationals of one of the Contracting States who are liable to tax in the territory of the other State shall be entitled, under the same conditions as nationals of the last-mentioned State, to any exemptions, allowances, reliefs and reductions for taxation purposes which are granted on account of family responsibilities.

2. The term "nationals" means:

(a) All individuals possessing the nationality of one of the two States;

(b) All legal persons, partnerships and associations deriving their status as such from the law in force in one of the two States.

3. Stateless persons who are residents of one of the Contracting States shall not be subjected in either 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 the State in question in the same circumstances are or may be subjected.

4. The taxation on a permanent establishment which an enterprise of one of the States has in the other 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.

5. Enterprises of one of the States, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other 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.

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

7. Nothing in this Convention shall limit privileges accorded to residents under the law of each of the two States or on the basis of international agreements.

##### *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 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 determine the mode of application of this Convention.

#### *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 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.* DIPLOMATIC AND CONSULAR OFFICIALS

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. In so far as, owing to fiscal privileges granted to diplomatic or consular officials under the general rules of international law or under the provisions of special international treaties, income or fortune is not subject to tax in the receiving State, the right to tax shall be reserved to the sending State.

3. For the purposes of this Convention, persons who are members of a diplomatic or consular mission of a Contracting State in the other Contracting State or in a third State and who are nationals of the sending State shall be deemed to be residents of the sending State if they are subject therein to the same obligations in respect of taxes on income and fortune as are residents of that State.

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

*Article 28.* TERRITORIAL EXTENSION

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.* ENTRY INTO FORCE

1. Each Contracting State shall notify the other of the completion of the procedures prescribed by its law for the entry into force of this Convention. It shall enter into force on the first day of the month following the month in which the second such notification was made.

2. Its provisions shall apply for the first time:

- (i) As regards, firstly, withholding taxes on dividends, and, secondly, the payments provided for in article 10, paragraph 5, to amounts paid on or after the first day of January of the year of entry into force;
- (ii) As regards other taxes on income, to the assessment year in which the Convention entered into force.

CHAPTER VI. FINAL PROVISIONS

*Article 30.* TERMINATION

This Convention shall remain in force until denounced by one of the Contracting States.

However, either State may denounce it, with effect from the end of any calendar year after the fifth year from the date of its entry into force, by giving notice of termination six months in advance through the diplomatic channel.

In such event, the Convention shall apply for the last time:

- (a) As regards withholding taxes on dividends, to amounts the payment of which will be effected before the expiry of the calendar year for the end of which notice of termination has been given;
- (b) As regards other taxes on income, in relation to the taxation of income in respect of the calendar year for the end of which notice of termination has been given or of accounting periods ending during that year.

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

DONE at Paris on 28 March 1974, in duplicate in the French and Serbo-Croatian languages, both texts being equally authentic.

For the Government  
of the French Republic:

[Signed]

VALÉRY GISCARD D'ESTAING

For the Government  
of the Socialist Federal Republic  
of Yugoslavia:

[Signed]

JANKO SMOLE

### PROTOCOL

On signing the Convention for the avoidance of double taxation with respect to taxes on income between the Government of the French Republic and the Government of the Socialist Federal Republic of Yugoslavia, the undersigned have agreed on the following provisions, which shall form an integral part of the Convention:

1. For the purposes of article 8, profits from the auxiliary activities enumerated below shall be assimilated to profits from the operation of ships or aircraft in international traffic:

- The leasing of ships or aircraft on charter fully equipped, manned and supplied;
- The sale of passenger tickets on behalf of another enterprise.

2. The provisions of article 24 shall not be deemed to prohibit Yugoslavia from applying to French nationals who derive income from sources in that State but who are not residents of that State the fiscal régime applicable under Yugoslav law to non-resident taxpayers, provided that the application thereof does not result in taxation more burdensome than that to which the same income would have been subjected if it had been derived by Yugoslav nationals.

DONE at Paris on 28 March 1974.

For the Government  
of the French Republic:

[Signed]

VALÉRY GISCARD D'ESTAING

For the Government  
of the Socialist Federal Republic  
of Yugoslavia:

[Signed]

JANKO SMOLE