

**No. 16204**

---

**BELGIUM  
and  
CZECHOSLOVAKIA**

**Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and fortune. Signed at Prague on 19 June 1975**

*Authentic text: French.*

*Registered by Belgium on 5 January 1978.*

---

**BELGIQUE  
et  
TCHÉCOSLOVAQUIE**

**Convention tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu et sur la fortune. Signée à Prague le 19 juin 1975**

*Texte authentique : français.*

*Enregistrée par la Belgique le 5 janvier 1978.*

## [TRANSLATION — TRADUCTION]

**CONVENTION<sup>1</sup> BETWEEN THE KINGDOM OF BELGIUM AND THE CZECHOSLOVAK SOCIALIST REPUBLIC FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND FORTUNE**

His Majesty the King of the Belgians and the President of the Czechoslovak Socialist Republic,

Desiring to avoid double taxation and to prevent fiscal evasion with respect to taxes on income and fortune, have decided to conclude a Convention and for that purpose have appointed as their Plenipotentiaries:

His Majesty the King of the Belgians:

His Excellency Mr. Renaat van Elslande, Minister for Foreign Affairs and Development Co-operation of the Kingdom of Belgium;

The President of the Czechoslovak Socialist Republic:

His Excellency Mr. Bohuslav Chřoupek, Minister for Foreign Affairs of the Czechoslovak Socialist Republic,

who, having exchanged their full powers, found in good and due form, have agreed on the following provisions:

**CHAPTER I. 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 and on fortune 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 and on fortune all taxes imposed on total income, on total fortune, or on elements of income or of fortune, including taxes on gains from the alienation of movable or immovable property taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.

3. The existing taxes to which the Convention shall apply are, in particular:

A. in the case of Belgium:

- (a) the personal income tax;
- (b) the corporate income tax;
- (c) the income tax on bodies corporate;
- (d) the income tax on non-residents,

<sup>1</sup> Came into force on 17 December 1977, i.e., on the fifteenth day following that of the exchange of the instruments of ratification, which took place at Brussels on 2 December 1977, in accordance with article 29 (2).

including the prepayments, the surcharges on these taxes and prepayments, and the communal supplement to the individual income tax; (hereinafter referred to as “Belgian tax”).

B. in the case of Czechoslovakia:

- (a) the pre-levy on profits;
- (b) the tax on profits;
- (c) the tax on salaries and wages;
- (d) the tax on income derived from literary and artistic creative activity;
- (e) the agricultural tax;
- (f) the personal income tax;
- (g) the tax on constructed immovable property;
- (h) the pre-levy on fortune;
- (i) the tax on the total amount of wages and salaries, including any withholding, advance collection or prepayment in respect of the above taxes; (hereinafter referred to as “Czechoslovak tax”).

4. The provisions of the Convention relating to the taxation of the profits of enterprises shall, by analogy, also apply to the Czechoslovak tax on the total amount of wages and salaries.

5. 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 which have been made in their respective taxation laws.

## CHAPTER II. DEFINITIONS

### *Article 3.* GENERAL DEFINITIONS

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

(a) the term “Belgium” means the Kingdom of Belgium; used in a geographical sense, it includes any areas outside the territorial waters of Belgium within which, in accordance with international law, the rights of Belgium with respect to the sea-bed and subsoil and their natural resources may be exercised;

the term “Czechoslovakia” means the Czechoslovak Socialist Republic;

(b) the terms “a Contracting State” and “the other Contracting State” mean Belgium or Czechoslovakia, as the context requires;

(c) the term “person” comprises an individual, a company, a public corporation and any other body of persons;

(d) the term “company” means any body corporate or any other entity which is taxable as a body corporate with respect to income and fortune in the State of which it is a resident;

(e) 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;

(f) the term “national” means:

- any individual possessing the nationality of a Contracting State;

— any body corporate, partnership or association deriving its status as such from the laws in force in a Contracting State;

(g) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise which has its place of effective management in a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;

(h) the term “competent authority” means:

- in the case of Belgium, the Minister of Finance or his authorized representative;
- in the case of Czechoslovakia, the Minister of Finance of the Czechoslovak Socialist Republic 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. FISCAL DOMICILE*

1. For the purpose of this Convention, the term “resident of a Contracting State” means any person whose income or fortune is liable to taxation therein by reason of his domicile, residence, place of management or by 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 as follows:

- (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 closer (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 purpose 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 24 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—other than an agent of an independent status to whom paragraph 5 applies—acting in a Contracting State on behalf of an enterprise of the other Contracting State shall be deemed to be a permanent establishment of the enterprise 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 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 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. Subject to the provisions of paragraph 3, 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. In so far as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles laid down in this article.

5. 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.

6. 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.

7. 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. SHIPPING, INLAND WATERWAYS TRANSPORT 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. Profits from the operation of boats engaged in inland waterways transport shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

3. If the place of effective management of a shipping enterprise or of an inland waterways transport enterprise is aboard a ship or boat, then it shall be deemed to be

situated in the Contracting State in which the home harbour of the ship or boat is situated, or, if there is no such home harbour, in the Contracting State of which the operator of the ship or boat is a resident.

4. The provisions of paragraph 1 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 financing of an enterprise of the other Contracting State, or
- (b) the same persons participate directly or indirectly in the management, control or financing 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 agreed 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 if the recipient is the beneficial owner of the dividends, the tax so charged shall not exceed 15 per cent of the gross amount of the dividends.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

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 which is subjected to the same treatment as income from shares by the taxation laws of the State of which the company making the distribution is a resident. The term includes income, even when paid in the form of interest, which is taxable as income from capital invested by the members of a company, other than a company with share capital, which is a resident of Belgium.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State professional services from a fixed base situated therein, and if the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such a case, the dividends may be taxed in that other Contracting State according to the laws of that State.

5. 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 outside the territory of that other State except

in so far as such dividends are paid to a resident of that other State or in so far as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other State nor 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 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 laws of that State, but if the recipient is the beneficial owner of the interest, the tax so charged shall not exceed 10 per cent of the amount of the interest.

3. Notwithstanding the provisions of paragraph 2, the interest mentioned hereinafter shall be taxable only in the Contracting State in which the recipient is a resident:

- (a) interest from commercial debt-claims—including debt-claims represented by commercial paper—resulting from deferred payments for goods or merchandise or services supplied by an enterprise of a Contracting State to a resident of the other Contracting State;
- (b) interest on current accounts or on loans—not represented by bearer bonds—between banks of the Contracting States;
- (c) interest on deposits of sums of money, not represented by bearer bonds, made by residents of a Contracting State with banks of the other Contracting State, including public credit institutions.

4. The term "interest" as used in this article means income from debt-claims of every kind, whether or not secured by mortgage, and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures, as well as income assimilated to or treated in the same manner as income from money lent by the taxation laws of the State in which the income arises. However, for the purposes of this article, the term "interest" does not include penalty charges for late payment or interest treated as dividends in accordance with article 10, paragraph 3.

5. The provisions of paragraphs 1, 2 and 3 shall not apply if the recipient of the interest, being a resident of a Contracting State, carries on in the other Contracting State in which the interest arises a trade or business through a permanent establishment situated therein, or performs in that other State professional services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such a case, the provisions of article 7 or article 14, as the case may be, 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 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 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, 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 interest shall remain taxable according to the laws 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 if such resident is the beneficial owner of the royalties.

2. Notwithstanding the provisions of paragraph 1, royalties of the kind referred to in paragraph 3 (b) may also be taxed in the Contracting State in which they arise, and according to the laws of that State, but if the recipient is the beneficial owner of the royalties, the tax so charged shall not exceed 5 per cent of the gross amount of the royalties.

3. The term "royalties" as used in this article means:

- (a) 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 and television films;
- (b) payments of any kind received as a consideration for the use of, or the right to use, 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 which does not constitute immovable property referred to in article 6, 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, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, or performs in that other State professional services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In that case the provisions of article 7 or article 14, as the case may be, shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself or a political 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 connection with which the contract under which the royalties are paid was concluded, 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.

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 normal amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of paragraphs 1 and 2 shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the laws 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, 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 movable property pertaining to the operation of such ships or aircraft, shall be taxable only in the Contracting State in which such property may be taxed according to article 22, paragraph 3.

3. Gains from the alienation of any other property, including holdings in a company with share capital which do not form part of the business property of a permanent establishment of the kind referred to in paragraph 2, shall be taxable only in the Contracting State of which the alienator is a resident.

*Article 14. PROFESSIONAL SERVICES*

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 the activities of 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. DEPENDENT PERSONAL SERVICES*

1. Subject to the provisions of articles 16, 18, 19 and 20, 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 calendar year, 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 provisions of paragraphs 1 and 2, remuneration in respect of an employment exercised aboard a ship or aircraft operated in international traffic, or aboard a boat engaged in inland waterways transport, shall be deemed to

relate to an activity exercised in the Contracting State in which the place of effective management of the enterprise is situated and may be taxed in that State.

*Article 16. DIRECTORS' FEES*

1. Directors' fees and other 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. The same treatment shall apply to the remuneration received by an active partner in a partnership limited by shares which is a resident of Belgium.

2. However, remuneration which the persons referred to in paragraph 1 normally receive in another capacity may be taxed, as the case may be, under the conditions provided for in article 14 or in article 15, paragraph 1, of this Convention.

*Article 17. ARTISTES AND ATHLETES*

1. Notwithstanding the provisions of articles 14 and 15, income derived by entertainers, such as theatre, motion picture, radio or television artistes and musicians, and by athletes, from their personal activities as such may be taxed in the Contracting State in which these activities are exercised.

2. The provisions of paragraph 1 shall not apply to income derived in a Contracting State by the persons referred to in that paragraph in their capacity as members of the staff of non-profit bodies of the Contracting State.

3. Where income in respect of personal activities of an entertainer or athlete accrues not to that entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.

*Article 18. PENSIONS*

1. 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.

2. However, periodic or non-periodic pensions and other allowances paid under the social legislation of a Contracting State by that State or a political subdivision, a local authority or a governmental instrumentality thereof (*personne morale ressortissant à son droit public*) shall be taxable only in that State.

*Article 19. GOVERNMENTAL FUNCTIONS*

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

This provision shall not apply where the recipient of the income is a national of the other Contracting State and is not at the same time a national of the first-mentioned State.

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

*Article 20.* TEACHERS AND STUDENTS

1. Any remuneration received by professors and teachers who are residents of a Contracting State and who are temporarily visiting the other Contracting State for the purpose of teaching or carrying out scientific research for a period not exceeding two years at a university or other officially recognized educational institution shall be taxable only in the first-mentioned State.

2. An individual who, immediately before departing for a Contracting State, was a resident of the other Contracting State and who is temporarily present in the first-mentioned State solely as a student at a university or other officially recognized educational institution of that State, or as a business apprentice, shall be exempt from tax in that State in respect of payments which he received from sources outside that State for the purpose of his maintenance, education or training.

*Article 21.* 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 Convention shall be taxable only in that State.

CHAPTER IV. TAXATION OF FORTUNE

*Article 22.* FORTUNE

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

2. Fortune represented by movable property forming part of the business property of a permanent establishment of an enterprise, or by movable property pertaining to a fixed base used for the performance of professional services, may be taxed in the Contracting State in which the permanent establishment or fixed base is situated.

3. Ships and aircraft operated in international traffic and boats engaged in inland waterways transport, and movable property pertaining to the operation of such ships, aircraft and boats, shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

4. All other elements of fortune of a resident of a Contracting State—including holdings in a company with share capital—shall be taxable only in that State.

CHAPTER V. METHODS FOR PREVENTION OF DOUBLE TAXATION

*Article 23*

Double taxation shall be avoided as follows:

A. In the case of Belgium:

(a) Where a resident of Belgium derives income which is not referred to in paragraphs (b) and (c) below or owns elements of fortune which may be taxed in Czechoslovakia in accordance with the provisions of the Convention, Belgium shall exempt such income or elements of fortune from tax but may, in calculating tax on the remaining income or fortune of that person, apply the rate of tax which would have been applicable if the exempted income or elements of fortune had not been so exempted.

(b) In the case of dividends taxable in accordance with article 10, paragraph 2, and not exempt from Belgian tax according to paragraph (c) below, interest

taxable in accordance with article 11, paragraph 2 or 7, and royalties taxable in accordance with article 12, paragraph 2 or 6, the fixed proportion in respect of the foreign tax for which provision is made under Belgian law shall, under the conditions and at the rate provided for by such law, be allowed as a credit against Belgian tax relating to such income.

- (c) Where a company which is a resident of Belgium owns shares or other rights in a company with share capital which is a resident of Czechoslovakia and which is subject to Czechoslovakia tax or pre-levy on its profits, the dividends which are paid to it by the latter company and which may be taxed in Czechoslovakia in accordance with article 10, paragraph 2, shall be exempt from the corporate income tax in Belgium to the extent that exemption would have been accorded if the two companies had been residents of Belgium.
- (d) Where, in accordance with Belgian law, losses of a Belgian enterprise which are attributable to a permanent establishment situated in Czechoslovakia have been effectively deducted from the profits of that enterprise for its taxation in Belgium, the exemption provided in paragraph (a) shall not apply in Belgium to the profits of other taxable periods attributable to that permanent establishment if, and to the extent that, those profits have also been exempted from tax in Czechoslovakia by reason of compensation for the said losses.

B. In the case of Czechoslovakia:

- (a) Income which is not referred to in paragraph (b) below shall be exempt from the Czechoslovak taxes enumerated in article 2, paragraph 3 B, where such income may be taxed in Belgium under this Convention.
- (b) In the case of income on which Belgian tax has been paid in accordance with article 10, paragraph 2, article 11, paragraph 2 or 7, article 12, paragraph 2 or 6, and articles 16 and 17, Czechoslovakia shall grant to its residents a tax credit corresponding to the tax levied in Belgium; such tax credit, which shall not exceed the amount of the tax levied on the income in question, shall be allowed against the Czechoslovak taxes enumerated in article 2, paragraph 3 B, in the bases of which such income is included.
- (c) Notwithstanding the provisions of paragraphs (a) and (b) above, Czechoslovak tax may be calculated on the income which may be taxed in Czechoslovakia under this Convention at the rate appropriate to the total amount of the income which may be taxed under Czechoslovak law.

## CHAPTER VI. SPECIAL PROVISIONS

### *Article 24.* NON-DISCRIMINATION

1. The nationals of a Contracting State, whether or not they are residents 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. Stateless persons who are residents of a Contracting State shall not be subjected in either 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 the State concerned in the same circumstances are or may be subjected.

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. Except where the provisions of article 9, article 11, paragraph 7, and article 12, paragraph 6, apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as they had been paid to a resident of the first-mentioned State.

Similarly, any debts of an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable fortune of such enterprise, be deductible under the same conditions as if they had been contracted to a resident of the first-mentioned State.

5. 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.

6. Nothing in this article shall be construed as preventing Belgium:

- (a) from taxing at the rate determined by Belgian law the total profits of a Belgian permanent establishment of a company which is a resident of Czechoslovakia or of an association which has its place of effective management in Czechoslovakia, provided that the above-mentioned rate does not exceed the maximum rate applicable to all or part of the profits of companies which are residents of Belgium;
- (b) from imposing the movable property prepayment on dividends derived from a holding which is effectively connected with a permanent establishment or a fixed base maintained in Belgium by a company which is a resident of Czechoslovakia or by an association which has its place of effective management in Czechoslovakia and which is taxable as a body corporate in Belgium.

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

#### *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, without prejudice to the remedies provided by the national laws of those States, address to the competent authority of the Contracting State of which he is a resident an application in writing stating the grounds for claiming the revision of such taxation. To be admissible, the said application must be submitted within two years from the first notification of the action which results in taxation not in accordance with the Convention.

2. The competent authority referred to in paragraph 1 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 or doubts arising as to the application of the Convention.

4. The competent authorities of the Contracting States shall agree on administrative measures necessary to carry out the provisions of the Convention, particularly on the proofs to be furnished by residents of either State in order to benefit in the other State from the exemptions and reductions in tax provided for in 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 obtained shall be treated as secret and shall not be disclosed to any persons other than the taxpayer or his mandatary, or other than persons or authorities concerned with the assessment or collection of, or the determination of claims or appeals in relation to the taxes which are the subject of this Convention, as well as to judicial authorities for the purpose of criminal prosecution.

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. ASSISTANCE IN COLLECTION

Each of the Contracting States shall endeavour to collect, as though the taxes were its own, any of the taxes referred to in article 2 which has been imposed by the other Contracting State and whose collection is necessary to ensure that any exemption or reduced rate of tax granted by that other State under this Convention shall not be enjoyed by persons not entitled to such benefits.

#### Article 28. MISCELLANEOUS

1. As regards a company which is a resident of Belgium, the provisions of this Convention shall not limit its taxation under Belgian law in the event of the repurchase of its own shares or in the event of the distribution of its assets.

2. Nothing in this Convention shall affect the fiscal privileges of members of a diplomatic mission or consular post under the general rules of international law or under the provisions of special agreements.

3. For the purposes of this Convention, persons who are members of a diplomatic mission or consular post 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 subjected therein to the same obligations in respect of taxes on income and on fortune as are residents of that State.

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

5. The competent authorities of the Contracting States shall communicate directly with each other for the application of this Convention.

#### CHAPTER VII. FINAL PROVISIONS

##### *Article 29.* ENTRY INTO FORCE

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

2. The Convention shall enter into force on the fifteenth day after the date of exchange of the instruments of ratification and it shall apply:

- (a) to taxes due at source on income credited or payable after 31 December of the year in which the Convention enters into force;
- (b) to other taxes charged on income for taxable periods ending on or after December 31 of the same year;
- (c) to taxes on fortune charged on elements of fortune existing as at 1 January of any year following the year in which the Convention enters into force.

##### *Article 30.* TERMINATION

This Convention shall remain in force indefinitely, but either Contracting State may terminate the Convention through the diplomatic channel, by giving to the other Contracting State written notice of termination not later than 30 June of any calendar year starting with the fifth year following that in which the Convention entered into force. In the event of termination before 1 July of such year, the Convention shall apply for the last time:

- (a) to taxes due at source on income credited or payable on or before 31 December of the year of termination;
- (b) to other taxes charged on income for taxable periods ending before 31 December of the same year;
- (c) to taxes on fortune charged on elements of fortune existing as at 1 January of that year.

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

DONE in duplicate at Prague, on 19 June 1975, in the French language.

For the Kingdom of Belgium:

R. VAN ELSLANDE

For the Czechoslovak Socialist  
Republic:

B. CHŇOUPEK