

**No. 18906**

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**MULTILATERAL**

**Agreement on the avoidance of double taxation on the income and property of bodies corporate. Concluded at Ulan Bator on 19 May 1978**

*Authentic text : Russian.*

*Registered by the Council for Mutual Economic Assistance, acting on behalf of the Parties, on 5 June 1980.*

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**MULTILATÉRAL**

**Convention tendant à éviter les doubles impositions en matière d'impôts sur le revenu et le patrimoine des personnes morales. Conclue à Oulan-Bator le 19 mai 1978**

*Texte authentique : russe.*

*Enregistrée par le Conseil d'assistance économique mutuelle, agissant au nom des parties, le 5 juin 1980.*

[TRANSLATION — TRADUCTION]

## AGREEMENT<sup>1</sup> ON THE AVOIDANCE OF DOUBLE TAXATION ON THE INCOME AND PROPERTY OF BODIES CORPORATE

The Contracting Parties,

Desiring to promote the further expansion and strengthening of economic, scientific, technical and cultural co-operation among their countries and seeking to improve the machinery governing their currency and financial relations,

Having in mind the creation of more favourable conditions for pursuing economic, scientific and technical co-operation and cultural exchange,

Recognizing the principle that bodies corporate should not be subject to taxation in respect of the same income and property simultaneously in the territory of two or more Contracting Parties,

Have agreed as follows:

*Article I.* 1. This Agreement shall apply to bodies corporate having their domicile in the territory of the Contracting Parties.

2. If the domicile of a body corporate cannot be determined in accordance with paragraph 1 of this article, its domicile within the meaning of this Agreement shall be deemed to be in the country of the Contracting Party under whose laws the body corporate was established.

3. If the domicile and the fiscal status of a body corporate cannot be determined in accordance with paragraphs 1 and 2 of this article, those matters shall be decided by mutual agreement of the competent national organs of the Contracting Parties concerned. The competent organs within the meaning of this Agreement shall be in the national ministries of finance of the Contracting Parties.

*Article II.* This Agreement shall apply to taxes, charges and other mandatory fiscal payments (hereinafter referred to as "taxes") levied on the income and property of bodies corporate in the territory of the Contracting Parties in accordance with their national laws.

*Article III.* Income earned by the bodies corporate of one Contracting Party in the territory of other Contracting Parties either directly or through branches,

<sup>1</sup> Came into force in respect of the following States on 1 January 1979, i.e., 1 January of the year following that in which the instruments of ratification or approval of the Agreement were deposited by at least five Contracting Parties with the Council for Mutual Economic Assistance, in accordance with article XI:

<i>State</i>	<i>Date of deposit of the instrument of ratification</i>
Hungary .....	30 August 1978
Union of Soviet Socialist Republics .....	25 September 1978
German Democratic Republic .....	2 October 1978
Bulgaria .....	21 November 1978
Czechoslovakia .....	1 December 1978
Romania .....	22 December 1978
Mongolia .....	26 December 1978
Poland .....	29 December 1978

departments, agencies, offices or similar organizations shall be exempt from taxes in the territory of those other Contracting Parties in accordance with the provisions of articles IV and V of this Agreement.

*Article IV.* 1. The levying of taxes on the immovable property of bodies corporate, on income from the use thereof or from the sale or disposal of such property by other means shall be carried out in accordance with the national laws of the Contracting Party in whose territory such property is situated.

2. The levying of taxes on the movable property of bodies corporate, on income from the use thereof or from the sale or disposal of such property by other means shall be carried out in accordance with the national laws of the Contracting Party in which the income of the bodies corporate within the meaning of article III of this Agreement is subject to taxation.

This shall not affect the right of the Contracting Parties to levy taxes in their territory in respect of vehicular transit and the use of road facilities.

3. For the purposes of this Agreement:

(a) Immovable property means property which is recognized as such under the national laws of the Contracting Party in whose territory that property is situated.

(b) Movable property means property which is recognized as such under the laws of the country in which the body corporate using that property is domiciled.

*Article V.* 1. The principles and procedures for levying taxes on the income and property of international organizations (including their branches and departments) which have been established by the countries of the Contracting Parties or by organizations of those countries and which are based in the said countries shall be determined by the constituent documents of the international organizations concerned as adopted in the form of international agreements and/or special agreements on this matter to which the Contracting Parties concerned are Parties.

2. The profits of international organizations attributed to their members shall be exempt from taxes in the countries of the Contracting Parties in which those organizations are based. This provision shall also apply in respect of the transfer of the said profits to other countries of the Contracting Parties in which members of the international organization concerned are based.

The provisions of this paragraph shall not apply in respect of the profits of members of international organizations from countries in which those organizations are based.

*Article VI.* The provisions of this Agreement shall not prevent interested Contracting Parties by mutual agreement or on a unilateral basis from granting additional allowances to bodies corporate in respect of the levying of taxes on their income and property.

*Article VII.* This Agreement shall not restrict the right of the Contracting Parties to levy taxes on the income and property of bodies corporate unless such action is contrary to the provisions of this Agreement.

*Article VIII.* The provisions of this Agreement shall not affect the tax privileges established under the general rules of international law, special international agreements or the pertinent national laws of the Contracting Parties governing

diplomatic and consular missions and other equivalent organizations and institutions.

*Article IX.* Should the provisions of existing agreements governing taxation of the income and property of bodies corporate previously concluded between the Contracting Parties prove incompatible with the provisions of this Agreement, the provisions of this Agreement shall apply.

*Article X.* Any questions which may arise from the application of this Agreement shall be settled by means of negotiation and consultation between the national ministries of finance of the Contracting Parties concerned.

*Article XI.* This Agreement shall be subject to ratification or approval in accordance with the laws of each Contracting Party and shall enter into force on 1 January of the year following that in which the instruments of ratification or approval of the Agreement are deposited by at least five Contracting Parties. For each remaining Contracting Party this Agreement shall enter into force on 1 January of the year following that in which it deposits an instrument of ratification or approval of the Agreement.

*Article XII.* 1. This Agreement shall be concluded for an unlimited period.

2. Any Contracting Party may withdraw from the Agreement at any time after the expiry of five years from the date of its entry into force by notifying the depositary of its withdrawal from the Agreement at least six months before the end of the calendar year. In such event the Agreement shall cease to be effective as regards that Contracting Party from 1 January of the calendar year following that in which notice of withdrawal from the Agreement is given.

*Article XIII.* Other countries may, with the consent of all the Contracting Parties, accede to this Agreement by depositing an instrument of accession. Accession shall be considered to have taken place on 1 January of the year following that in which the depositary receives notification from all Contracting Parties of their consent to the accession.

*Article XIV.* This Agreement may be amended or supplemented with the consent of all the Contracting Parties.

*Article XV.* This Agreement shall remain open for signature until 30 June 1978 in the city of Moscow.

*Article XVI.* This Agreement shall be deposited with the Secretariat of the Council for Mutual Economic Assistance, which shall act as the depositary for the Agreement.

DONE at Ulan Bator, on 19 May 1978, in a single copy in the Russian language.

For the Government of the People's Republic of Bulgaria:

[A. BELCHEV]

For the Government of the Hungarian People's Republic:

[ATTILA MADARASI]

For the Government of the German Democratic Republic:

[ROLF MAGER]

For the Government of the Mongolian People's Republic:

[Ts. MOLOM]

For the Government of the Polish People's Republic:

[VITOLD BIEN]

For the Government of the Czechoslovak Socialist  
Republic:

[LEOPOLD LÉR]

For the Government of the Union of Soviet Socialist  
Republics:

[V. GARBUZOV]  
25 May 1978

For the Government of the Socialist Republic of Romania:

[GEORGHE BADRUS]  
21 June 1978

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