

No. 23605

**ISRAEL
and
JAMAICA**

**Convention for the avoidance of double taxation and the
prevention of fiscal evasion with respect to taxes on
income. Signed at Kingston on 29 June 1984**

Authentic texts: Hebrew and English.

Registered by Israel on 23 October 1985.

**ISRAËL
et
JAMAÏQUE**

**Convention tendant à éviter les doubles impositions et à
prévenir l'évasion fiscale en matière d'impôts sur le
revenu. Signée à Kingston le 29 juin 1984**

Textes authentiques : hébreu et anglais.

Enregistrée par Israël le 23 octobre 1985.

CONVENTION¹ BETWEEN THE GOVERNMENT OF THE STATE OF ISRAEL AND THE GOVERNMENT OF JAMAICA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The Government of the State of Israel and the Government of Jamaica,
Desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,
Have agreed as follows:

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

(a) In Jamaica:

- (i) The income tax;
 - (ii) The company profits tax, the additional company profits tax; and
 - (iii) The transfer tax;
- (hereinafter referred to as “Jamaican tax”).

(b) In Israel:

- (i) The income tax (including capital gains tax and company tax); and
 - (ii) The tax on gains from the sale of land under the Land Appreciation Tax Law;
- (hereinafter referred to as “Israeli tax”).

2. The Convention shall apply also to any identical or substantially similar taxes which are imposed by a Contracting State after the date of signature of the Convention 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 and shall notify each other of any official published material concerning the application of the Convention, including explanations, regulations, rulings or judicial decisions.

Article 3. GENERAL DEFINITIONS

1. For the purpose of this Convention, unless the context otherwise requires:

(a) The term “Jamaica” means the island of Jamaica, the Morant Cays, the Pedro Cays and their Dependencies and when used in a geographical sense includes the territorial waters of Jamaica and any area outside such territorial

¹ Came into force on 3 September 1985 by the exchange of the instruments of ratification, which took place at Jerusalem, in accordance with article 29 (2).

waters which in accordance with the laws of Jamaica is an area within which the rights of Jamaica with respect to the natural resources of the sea-bed and subsoil and any objects thereon may be exercised;

(b) The term "Israel" means the territory of the State of Israel and when used in a geographical sense includes the territorial waters of Israel and any area outside such territorial waters which in accordance with the laws of Israel is an area within which the rights of Israel with respect to the natural resources of the sea-bed and subsoil and any objects thereon may be exercised;

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

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

(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 "tax" means Jamaican tax or Israeli tax, as the context requires;

(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 "national" means:

- (i) Any individual who is a citizen of one of the Contracting States;
- (ii) Any legal person, association or other entity deriving its status as such from the laws of one of the Contracting States.

(i) The term "competent authority" means:

- (i) In Jamaica, the Minister responsible for finance or his authorised representative;
- (ii) In Israel, the Minister of Finance or his authorised representative.

2. As regards the application of the Convention by a Contracting State any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the laws of that State concerning the taxes to which the Convention applies.

Article 4. RESIDENT

1. For the purpose of this Convention, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax 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 as follows:

(a) He shall be deemed to be a resident of the State in which he has a permanent home available to him. If he has a permanent home available to him in both States, he shall be deemed to be a resident of the State with which his personal and economic relations are closer (centre of vital interests);

(b) If the 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 State, he shall be deemed to be a resident of the State in which he has an habitual abode;

(c) If he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident of the State of which he is a national;

(d) If he is a national of both 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 State in which its place of effective management is situated.

Article 5. PERMANENT ESTABLISHMENT

1. For the purposes of this Convention, except as otherwise specified in this article, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.

2. The term "permanent establishment" includes especially:

- (a) A place of management;
- (b) A branch;
- (c) An office;
- (d) A factory;
- (e) A workshop;
- (f) A farm or plantation;
- (g) A store or premises used as a sales outlet;
- (h) A warehouse, in relation to a person providing storage facilities for others;
- (i) A mine, an oil or gas well, a quarry or any other place of extraction of natural resources;
- (j) A building site or construction, assembly, installation or dredging project, or a drilling rig or ship used for the exploration or development of natural resources within a Contracting State, but only if such site, project or activity continues within that State for a period or periods aggregating more than 183 days in any twelve-month period, including the period of any supervisory activity connected therewith;
- (k) The maintenance of substantial equipment or machinery within a Contracting State, but only if such equipment or machinery is maintained within that State for a period of more than 90 consecutive days.

3. Notwithstanding the preceding provisions of this article, the term "permanent establishment" shall be deemed not 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 of collecting information for the enterprise;
- (e) The maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character.

4. Notwithstanding the provisions of paragraphs 1 and 2, where a person — other than an agent of an independent status to whom paragraph 5 applies — is acting in a Contracting State on behalf of an enterprise of the other Contracting State, that enterprise shall be deemed to have a permanent establishment in the first-mentioned Contracting State in respect of any activities which that person undertakes for the enterprise, if such a person:

- (a) Has and habitually exercises in that State an authority to conclude contracts in the name of the enterprise, unless the activities of such person are limited to those mentioned in paragraph 3 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph; or
- (b) Has no such authority, but habitually maintains in the first-mentioned State a stock of goods or merchandise from which he regularly delivers goods or merchandise on behalf of the enterprise.

5. An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that State through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business. However, when the activities of such an agent are devoted wholly or almost wholly on behalf of that enterprise, he will not be considered an agent of an independent status within the meaning of this paragraph but in such cases the provisions of paragraph 4 shall apply.

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

Article 6. INCOME FROM IMMOVABLE PROPERTY

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.

2. The term “immovable property” shall have the meaning which it has under 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 independent personal services.

Article 7. BUSINESS PROFITS

1. The business 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 business 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. Notwithstanding the provisions of paragraph 1 where an enterprise of a Contracting State which has a permanent establishment in the other Contracting State carries on business activities in that other State otherwise than through the permanent establishment, of the same or similar kind as the business activities carried on by the permanent establishment, then the business profits of such activities may be attributable to the permanent establishment.

3. Subject to the provisions of paragraph 4, 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 business 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.

4. In the determination of the profits of a permanent establishment situated in a Contracting State, there shall be allowed as deductions all expenses which would be deductible under the law of that State if the permanent establishment were an independent enterprise insofar as such expenses are reasonably allocable to the permanent establishment including executive and general administrative expenses so deductible and allocable whether incurred in the State in which the permanent establishment is situated or elsewhere.

5. No business 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. Insofar as it has been customary in a Contracting State to determine the business profits to be attributed to a permanent establishment on the basis of an apportionment of the total business profits of the enterprise to its various parts, nothing in paragraph 3 of this article shall preclude that Contracting State from determining the business profits to be so 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.

7. For the purposes of the preceding paragraphs, the business 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.

8. Where business profits include items of income which are dealt with separately in other articles of this Convention, then the provisions of those articles shall, except as otherwise specifically provided therein, not be affected by the provisions of this article.

9. For the purpose of this Convention, "business profits" means income derived from the conduct of any trade or business including the rental of tangible personal (movable) property and the furnishing of the personal services of another person but not including income from the rental or licensing of cinematograph films or films or tapes used for radio or television broadcasting and not including income derived by an individual from the performance of personal services either as an employee or in an independent capacity.

Article 8. 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 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. For purposes of this Article, profits from the operation in international traffic of ships or aircraft include profits derived from:

- (a) The rental of ships or aircraft if operated in international traffic by the lessee or if such rental profits are incidental to other profits described in paragraph 1;
- (b) Containers (including trailers, barges and related equipment for the transport of containers).

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

Article 9. ASSOCIATED ENTERPRISES

1. Where an enterprise subject to the taxing jurisdiction of a Contracting State and any other enterprise are related and where such related enterprises make arrangements or impose conditions between themselves which are different from those which would be made between independent enterprises, any income, deductions, credits or allowances which would, but for those arrangements or conditions, have been taken into account in computing the income (or loss) of, or the tax payable by, one of such enterprises may be taken into account in computing the amount of the income subject to tax and the taxes payable by such enterprise.

2. Where a redetermination has been made by a Contracting State to the income of an enterprise in accordance with paragraph 1, then the other Contracting State shall, if it agrees with such redetermination and if necessary to prevent double taxation, make a corresponding adjustment to the income of the related enterprise in such other Contracting State. In the event the other Contracting State disagrees with such redetermination, the two Contracting States shall endeavour to reach agreement in accordance with article 26 (Mutual Agreement Procedure).

3. For the purposes of this Convention an enterprise is related to another enterprise if either enterprise owns or controls directly or indirectly the other, or if any third person or persons own or control directly or indirectly both. For this purpose, the term "control" includes any kind of control whether or not legally enforceable, and however exercised or exercisable.

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 also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed:

- (a) 15 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly or indirectly at least 10 per cent of the voting power of the company paying the dividends;
- (b) 22.5 per cent of the gross amount of the dividends in all other cases.

The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of these limitations.

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, 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 taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner 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 independent personal services and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or with the performance of such independent personal services. In such a case the provisions of article 7 or article 15, as the case may be, shall apply.

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, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment situated in that other State, nor subject the company's undistributed profits to a tax on the company's 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 also 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 15 per cent of the gross amount of the interest. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

3. Notwithstanding paragraphs 1 and 2, interest derived by:

(a) A Contracting State or an instrumentality thereof (including the Bank of Jamaica, the Jamaica Development Bank, the Jamaica Mortgage Bank, the Bank of Israel and such other institutions of either Contracting State as the competent authorities may agree, pursuant to article 26 (Mutual Agreement Procedure)); or

(b) A resident of a Contracting State with respect to debt obligations guaranteed or insured by that Contracting State or an instrumentality thereof

shall be exempt from tax by both Contracting States. However, this exemption shall not cause the loan to be treated as a preferred loan according to the Israeli Income Tax Law.

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. Penalty charges for late payment shall not be regarded as interest for the purpose of this article. However, the term "interest" shall not include exchange rate differentials.

5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, or performs in that other State independent personal services and the debt-claim in respect of which the interest is paid is effectively connected with (a) such permanent establishment or (b) business activities referred to in paragraph 1 of article 7, or (c) the performance of such independent personal services. In such a case, the provisions of article 7 or article 15, 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 State in which the permanent establishment is situated.

7. Where, by reason of a special relationship between the payer and the beneficial owner 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 beneficial owner in the absence of such relationship, the provisions of this article shall apply only to the last-mentioned amount. In such a 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 12. ROYALTIES

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

2. However, such royalties may 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 10 per cent of the gross amount of the royalties. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

3. The term "royalties" as used in this article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including [cinematographic] films and films or tapes for radio or television broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial, or scientific equipment, or for information concerning industrial, commercial or scientific experience.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner 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 independent personal services and the right or property in respect of which the royalties are paid is effectively connected with:

- (a) Such permanent establishment, or
- (b) Business activities referred to in paragraph 1 of article 7, or
- (c) The performance of such independent personal services.

In such a case the provisions of article 7 or article 15, 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, 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 liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the State in which the permanent establishment is situated.

6. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, 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 beneficial owner in the absence of such relationship, the provisions of this article shall apply only to the last-mentioned amount. In such a 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. MANAGEMENT FEES

1. Management fees arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in accordance with the law of each Contracting State.

2. The term “management fees” as used in this article means payments of any kind to any person, other than to an employee of the person making the payments for, or in respect of, the provisions of industrial or commercial advice, or management or technical services, or similar services or facilities, but it does not include payments for professional services mentioned in article 15. The term also includes payments of any kind for the use of, or the right to use, movable property.

3. The provisions of paragraph 1 shall not apply if the beneficial owner of the management fees, being a resident of a Contracting State, has in the other Contracting State in which the management fees arise a permanent establishment with which the obligation to pay the management fee is effectively connected. In such a case, the provisions of article 7 shall apply.

4. Management fees 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 Contracting State. Where, however, the person paying the management fees, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the obligation to pay the management fees was incurred, and the management fees are borne by that permanent establishment, then the management fees shall be deemed to arise in that Contracting State.

5. Where, owing to a special relationship between the payer and the beneficial owner of the management fees or between both of them and some other person the amount of the management fees paid, having regard to the advice, services or use for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner 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 14. CAPITAL GAINS

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in article 6 and situated in the other Contracting State, or from the alienation of shares or similar rights in a company the assets of which consist mainly of such immovable property, may be taxed in that other State.

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 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 with the whole enterprise), may be taxed in that other State.

3. Gains from the alienation of shares of a company, the property of which consists principally of immovable property situated in a Contracting State, may be taxed in that State.

Gains from the alienation of an interest in a partnership or a trust, the property of which consists principally of immovable property situated in a Contracting State, may be taxed in that State.

4. Gains from the alienation of ships or aircraft operated in international traffic or 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.

5. Gains from the alienation of any property other than that referred to in paragraphs 1, 2, 3 and 4 shall be taxable only in the Contracting State of which the alienator is a resident.

Article 15. INDEPENDENT PERSONAL SERVICES

Income derived by a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that State except in the following circumstances, when such income may also be taxed in the other Contracting State:

- (a) If his stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate 183 days in the fiscal year concerned; in that case, only so much of the income as is derived from his activities performed in that other State may be taxed in that other State; or
- (b) If the remuneration for his activities in the other Contracting State exceeds in the fiscal year ten thousand United States dollars (\$10,000) or its equivalent in Jamaican or Israeli currency or such other amount as may be specified and agreed in letters exchanged between the competent authorities of the Contracting States.

Article 16. DEPENDENT PERSONAL SERVICES

1. Subject to the provisions of articles 17, 19, 20, 21 and 22 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 any twelve-month period; 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 which the employer has in the other State.

3. Notwithstanding the preceding provisions of this article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated

in international traffic, may be taxed in the Contracting State in which the place of effective management of the enterprise is situated.

Article 17. DIRECTORS' FEES

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.

Article 18. ARTISTS AND ATHLETES

1. Notwithstanding the provisions of articles 15 and 16, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as an athlete, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State.

2. Where income in respect of personal activities exercised by an entertainer or an athlete in his capacity as such accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of articles 7, 15 and 16, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.

3. Where the personal activities of a public entertainer or an artiste referred to in paragraph 1 are provided in a Contracting State by an enterprise of the other Contracting State then the profits derived by that enterprise for providing those activities may, notwithstanding the provisions of article 7 or article 15, be taxed in the Contracting State in which such activities are exercised.

4. The provisions of paragraphs 1, 2 and 3 shall not apply:

- (a) To income derived from activities performed in a Contracting State by entertainers or athletes if the visit to that Contracting State is substantially supported by public funds of the other Contracting State, including any political subdivision, local authority or statutory body thereof;
- (b) To a non-profit organization, no part of the income of which was payable to, or was otherwise available for the personal benefit of, any proprietor, member or shareholder thereof; or
- (c) To an entertainer or athlete in respect of services provided to an organization referred to in subparagraph (b).

Article 19. PENSIONS

1. Pensions and other similar remuneration beneficially derived by a resident of a Contracting State in consideration of past employment shall be taxable only in that State unless the past employment was performed in the other Contracting State while such person was a resident of that other State, in which case the pension and other similar remuneration may also be taxed in that other State.

2. Social security payments and other public pensions paid by a Contracting State to a resident of the other Contracting State shall be taxable only in the first-mentioned Contracting State.

3. Annuities beneficially derived by a resident of a Contracting State shall be taxable only in that State unless the annuity was purchased in the other Contracting State while such person was a resident of that other State, in which

case the annuity may also be taxed in that other State. The term “annuities” as used in this paragraph means a stated sum paid periodically at stated times during life or during a specified number of years, under an obligation to make the payments in return for adequate and full consideration (other than services rendered).

Article 20. GOVERNMENT SERVICE

1. (a) Remuneration, other than a pension, paid by a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.

(b) However, such remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State who:

- (i) Is a national of that State; or
- (ii) Did not become a resident of that State solely for the purpose of rendering the services.

2. The provisions of articles 16, 17 and 19 shall apply to remuneration in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or a local authority thereof.

Article 21. STUDENTS AND TRAINEES

A student or business apprentice who is present in a Contracting State for the purposes of his education or training and who is, or was immediately before his stay in that State, a resident of the other Contracting State, shall be exempt from tax in the first-mentioned Contracting State on:

- (i) Payments made to him by persons residing outside that first-mentioned State for the purposes of his maintenance, education or training; and
- (ii) Remuneration for personal services performed in that first-mentioned State provided the remuneration constitutes earnings reasonably necessary for his maintenance and education.

The benefits under sub-paragraph (ii) shall extend only for such period of time as may be reasonably or customarily required to complete the education or training undertaken but shall in no event exceed a period of five consecutive years.

Article 22. TEACHERS AND RESEARCHERS

1. An individual who visits a Contracting State for a period not exceeding two years for the purpose of teaching or engaging in research at a university, college or other recognized educational institution in that Contracting State, and who was immediately before that visit a resident of the other Contracting State, shall be exempt from tax by the first-mentioned Contracting State on any remuneration for such teaching or research for a period not exceeding two years from the date he first visits that State for such purpose.

2. This article shall apply to income from research only if such research is undertaken by the individual in the public interest and not primarily for the benefit of some other private person or persons.

Article 23. OTHER INCOME

1. Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing articles of this Convention shall be taxable only in that State.

2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of article 6, if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein, or performs in that other State independent personal services, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or the performance of such independent personal services. In such a case the provisions of article 7 or article 15, as the case may be, shall apply.

3. Notwithstanding the provisions of paragraphs 1 and 2, items of income of a resident of a Contracting State not dealt with in the foregoing articles of this Convention and arising in the other Contracting State may be taxed in that other State.

Article 24. RELIEF FROM DOUBLE TAXATION

1. In the case of Jamaica, double taxation shall be avoided as follows:

Subject to the provisions of the law of Jamaica regarding the allowance as a credit against Jamaican tax of tax paid in a territory outside of Jamaica (which shall not affect the general principle thereof), where a resident of Jamaica derives income which, in accordance with the provisions of this Convention may be taxed in Israel, Jamaica shall allow as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in Israel, and where a company which is a resident of Israel pays a dividend to a company resident in Jamaica, which controls directly or indirectly at least 10 per cent of the voting power in the first-mentioned company, the deduction shall take into account the tax payable in Israel by that first-mentioned company in respect of the profits out of which such dividend is paid.

2. For the purposes of paragraph 1 income tax paid in Israel by a resident of Jamaica on profits attributable to a trade or business carried on in Israel or on dividends, interest or royalties received from a company which is a resident of Israel shall include any amount which would have been payable as Israeli tax for any year of assessment if it has not been wholly relieved or reduced for a limited period of time under provisions of Israeli tax law for the encouragement of the Israeli economy.

3. In the case of Israel, double taxation shall be avoided as follows:

Where a resident of Israel derives profits, income or gains which in accordance with the provisions of this Convention, may be taxed in Jamaica, Israel shall, subject to the provisions of the law of Israel, allow as a deduction from the Israeli tax of that person an amount equal to the tax paid in Jamaica. The deduction shall not, however, exceed that part of tax as computed before the deduction is given, which is appropriate to the profits, income or gains which may be taxed in Jamaica.

4. For the purposes of paragraph 3, income tax paid in Jamaica by a resident of Israel on profits attributable to a trade or business carried on in Jamaica

or on dividends, interest or royalties received from a company which is a resident of Jamaica shall include any amount which would have been payable as Jamaican tax for any year of assessment but for an exemption from, or a reduction of, tax granted for that year or any part thereof under:

(a) Any of the following provisions, that is to say:

- Section 10(4) of the Motion Picture Industry (Encouragement) Act;
- Parts II and VI of the Industrial Incentives Act;
- Sections 10 and 11 of the Export Industry Encouragement Act;
- The Industrial Incentives (Regional Harmonization) Act;
- Section 10(1)(a) of the Petroleum Refining Industry (Encouragement) Act;
- Part V of the First Schedule to the Income Tax Act;
- Sections 9 and 10 of the Hotels (Incentives) Act;
- Sections 7 and 8 of the Resort Cottages (Incentives) Act;
- Sections 7 and 8 of the Agricultural Incentives Act;

so far as they were in force on, and have not been modified since the date of signature of this Convention, or have been modified only in minor respects so as not to affect their general character;

(b) Any other provision granting exemption or reduction of tax which is agreed, by the competent authorities of the Contracting States to be of a substantially similar character, if it had not been modified thereafter or has been modified only in minor respects so as not to affect its general character.

Article 25. NON-DISCRIMINATION

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

2. The 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.

3. Except where the provisions of paragraph 1 of article 9, paragraph 7 of article 11, or paragraph 6 of article 12, or paragraph 6 of article 13 apply, interest, royalties, management fees 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 if they had been paid to a resident of the first-mentioned State.

4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned 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 the first-mentioned State are or may be subjected.

5. Nothing contained in this article shall be construed:

- (a) As obliging either Contracting State to grant to individuals not resident in that State any personal allowances, reliefs or credits for taxation purposes which are by law available only to individuals who are so resident; or
- (b) As preventing Jamaica from charging a higher rate of income tax under section 48(5) of the Income Tax Act of Jamaica on a life insurance company which is a resident of Israel than on a regionalized life insurance company.

6. The provisions of this article shall, notwithstanding the provisions of article 2, apply to taxes of every kind and description.

Article 26. MUTUAL AGREEMENT PROCEDURE

1. Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident or national. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Convention.

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 a satisfactory 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 which is not in accordance with the Convention. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of 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. The competent authorities shall, through consultations, develop appropriate bilateral procedures, conditions, methods and techniques for the implementation of the mutual agreement procedure provided for in this article.

Article 27. EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting State shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the Contracting States concerning taxes covered by the Convention insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by article 1. Any information received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in

respect of, or the determination of appeals in relation to, the taxes covered by the Convention. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions. The competent authorities shall, through consultation, develop appropriate conditions, methods and techniques concerning the matters in respect of which such exchanges of information shall be made, including, where appropriate, exchange of information regarding tax avoidance.

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

- (a) To carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;
- (b) To supply information which is 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 28. DIPLOMATIC AGENTS AND CONSULAR OFFICERS

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

Article 29. ENTRY INTO FORCE

1. This Convention shall be subject to ratification in accordance with the applicable procedures of each Contracting State and the instruments of ratification shall be exchanged at Jerusalem as soon as possible.

2. The Convention shall enter into force in both Contracting States upon the exchange of instruments of ratification and its provisions shall have effect:

- (a) In respect of taxes withheld at the source on amounts paid or credited to non-residents on or after the first day of the second month next following the date on which the Convention enters into force;
- (b) In respect of other taxes, for taxable periods beginning on or after the 1st day of January next following the date on which the Convention enters into force.

Article 30. TERMINATION

This Convention shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Convention at any time after five years from the date on which the Convention enters into force provided that at least 6 months prior notice of termination has been given through diplomatic channels. In such event, the Convention shall cease to have effect:

- (a) In respect of taxes withheld at source, on amounts paid or credited on or after the first day of January next following the expiration of the 6 months' period;
- (b) In respect of other taxes, for taxable periods beginning on or after the first day of January next following the expiration of the 6 months' period.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto, have signed this Convention.

DONE at Kingston in duplicate, in the English and Hebrew languages, the two texts having equal authenticity, this 29th day of June 1984.

[Signed — Signé]¹

For the Government
of the State of Israel

[Signed — Signé]²

For the Government
of Jamaica

¹ Signed by Shlomo Levy — Signé par Shlomo Levy.

² Signed by Edward Seaga — Signé par Edward Seaga.