No. 23997

FRANCE
and
JORDAN

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (with protocol and exchange of letters). Signed at Amman on 28 May 1984

Authentic texts of the Convention and of the protocol: French and Arabic.
Authentic text of the exchange of letters: French.
Registered by France on 12 March 1986.

FRANCE
et
JORDANIE

Convention en vue d'éviter les doubles impositions et de prévenir l'évasion fiscale en matière d'impôts sur le revenu (avec protocole et échange de lettres). Signée à Amman le 28 mai 1984

Textes authentiques de la Convention et du protocole : français et arabe.
Texte authentique de l'échange de lettres : français.
Enregistrée par la France le 12 mars 1986.

[TRANSLATION — TRADUCTION]

CONVENTION[1] BETWEEN THE GOVERNMENT OF THE FRENCH REPUBLIC AND THE GOVERNMENT OF THE HASHEMITE KINGDOM OF JORDAN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The Government of the French Republic and

The Government of the Hashemite Kingdom of Jordan,

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 States.

Article 2. TAXES COVERED

1. This Convention shall apply to taxes on income imposed on behalf of a State or of its territorial authorities, irrespective of the manner in which they are levied.

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

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

(*a*) In the case of France:

(i) The income tax;

(ii) The corporation tax, including any withholding tax, prepayment *(précompte)* or advance payment with respect to the aforesaid taxes

(hereinafter referred to as "French tax");

(*b*) In the case of Jordan:

(i) The income tax

(hereinafter referred to as "Jordanian tax").

4. The Convention shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the States shall notify each other of any substantial changes which have been made in their respective taxation laws.

[1] Came into force on 1 April 1985, i.e., the first day of the second month following the date of receipt of the last of the notifications by which the Parties had informed each other of the completion of the required procedures, in accordance with article 29 (1).

Article 3. GENERAL DEFINITIONS

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

a) The terms "a State" and "the other State" mean the French Republic or the Hashemite Kingdom of Jordan as the case may be;

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

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

d) The terms "enterprise of a State" and "enterprise of the other State" mean respectively an enterprise carried on by a resident of a State and an enterprise carried on by a resident of the other State;

e) The term "international traffic" means any transport by an aircraft operated by an enterprise which has its place of effective management in a State, except when the aircraft is operated solely between places in the other State;

f) The term "competent authority" means:

(i) In the case of the French Republic, the Minister in charge of the Economy, Finances and the Budget or his authorized representative;

(ii) In the case of the Hashemite Kingdom of Jordan, the Minister of Finance or his authorized representative.

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

Article 4. RESIDENT

1. For the purposes of this Convention, the term "resident of a 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 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 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 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, 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 mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

3. A building site or construction or installation project constitutes a permanent establishment only if it lasts more than six months.

4. 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 purposes 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;

(*f*) The maintenance of a fixed place of business solely for any combination of activities mentioned in sub-paragraphs (*a*) to (*e*), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

5. Notwithstanding the provisions of paragraphs 1 and 2, where a person — other than an agent of an independent status to whom paragraph 6 applies — is acting on behalf of an enterprise and has, and habitually exercises, in a State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 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.

6. An enterprise shall not be deemed to have a permanent establishment in a State merely because it carries on business or exports goods and services 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.

Article 6. INCOME FROM IMMOVABLE PROPERTY

1. Income derived by a resident of a State from immovable property (including income from agriculture or forestry) situated in the other 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 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 and aircraft shall 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 profits of an enterprise of a State shall be taxable only in that State unless the enterprise carries on business in the other 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 the permanent establishment.

2. Subject to the provisions of paragraph 3, where an enterprise of a State carries on business in the other State through a permanent establishment situated therein, there shall in each 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. For determining 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 to the extent that they can reasonably be attributed to the permanent establishment, whether in the State in which the permanent establishment is situated or elsewhere.

4. No profits shall be attributed to a permanment establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

5. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

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

Article 8. AIR TRANSPORT

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

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

Article 9. ASSOCIATED ENTERPRISES

Where

(*a*) An enterprise of a State participates directly or indirectly in the management, control or capital of an enterprise of the other State, or

(*b*) The same persons participate directly or indirectly in the management, control or capital of an enterprise of a State and an enterprise of the other State,

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

Article 10. DIVIDENDS

1. Dividends paid by a company which is a resident of a State to a resident of the other State may be taxed in that other State.

2. However, such dividends may also be taxed in the 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*) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 10 per cent of the capital of the company paying the dividends;

(*b*) 15 per cent of the gross amount of the dividends in all other cases.

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 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 State, carries on business in the other 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 from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of article 7 or article 14, as the case may be, shall apply.

5. A resident of Jordan who received dividends paid by a company which is a resident of France may obtain the refund of the prepayment *(précompte)* relating to such dividends, in the event it had been paid by such company. Such refund shall be taxable in France according to the provisions of paragraph 2.

The gross amount of the prepayment *(précompte)* refunded shall be deemed to be dividends for the purposes of the provisions of this Convention.

6. Where a company which is a resident of a State carries on business in the other State through a permanent establishment situated therein, the profits of this permanent establishment shall, after having borne the Corporation tax, be liable to a tax the rate of which shall not exceed 5 per cent, according to the laws of that other State.

Article 11. INTEREST

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

2. However, such interest may also be taxed in the 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.

3. Notwithstanding the provisions of paragraph 2, any such interest as is mentioned in paragraph 1 shall be taxable only in the State of which the recipient is a resident, if such recipient is the beneficial owner of the interest and if such interest is paid:

(*a*) In connection with the sale on credit of any industrial, commercial or scientific equipment;

(*b*) In connection with the sale on credit of any merchandise by one enterprise to another enterprise; or

(*c*) On any loan of whatever kind granted by a bank.

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.

5. The provisions of paragraphs 1, 2 and 3 shall not apply if the beneficial owner of the interest, being a resident of a State, carries on business in the other State in which the interest arises, through a permanent establishment situated therein, or performs in that other State independent personal 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 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 State when the payer is that State itself, a territorial authority, a statutory body or a resident of that State. Where, however, the person paying the interest, whether he is a resident of a State or not, has in a State a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the State in which the permanent establishment or fixed base 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 case, the excess part of the payments shall remain taxable according to the laws of each State, due regard being had to the other provisions of this Convention.

Article 12. ROYALTIES

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

2. However, such royalties may also be taxed in the 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:

— 25 per cent of the gross amount of the royalties for the use of, or the right to use, a trade mark;

— 5 per cent of the gross amount of the royalties for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films and works recorded for broadcasting or television;

— 15 per cent of the gross amount of the royalties in all other cases.

3. The term "royalties" as used in this article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films and works recorded for broadcasting or television, any patent, trade mark, design or model, plan, secret formula or process, or for 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 State, carries on business in the other State in which the royalties arise, through a permanent establishment situated therein, or performs in that other State independent personal 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 such 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 State when the payer is that State itself, a territorial authority, a statutory body or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a State or not, has in a State a permanent establishment or a fixed base with which the right or property in respect of which the royalties are paid is effectively connected, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the state in which the permanent establishment or fixed base 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 case, the excess part of the payments shall remain taxable according to the laws of each State, due regard being had to the other provisions of this Convention.

Article 13. CAPITAL GAINS

1. Gains derived by a resident of a State from the alienation of immovable property referred to in article 6 may be taxed in the State in which the 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 State has in the other State or of immovable property pertaining to a fixed base available to a resident of a State in the other 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) or of such fixed base, may be taxed in that other State.

3. Gains from the alienation of aircraft operated in international traffic or movable property pertaining to the operation of such aircraft shall be taxable only in the State in which the place of effective management of the enterprise is situated.

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

Article 14. INDEPENDENT PERSONAL SERVICES

1. Income derived by a resident of a 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 State:

(*a*) If he has a fixed base regularly available to him in the other State for the purpose of performing his activities; in that case, only so much of the income as is attributable to that fixed base may be taxed in that other State; or

(*b*) If his stay in the other State is for a period or periods amounting to or exceeding in the aggregate 120 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.

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 and 19, salaries, wages and other similar remuneration derived by a resident of a State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other 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 State in respect of an employment exercised in the other State shall be taxable only in the first-mentioned State if:

(*a*) The recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in the fiscal year concerned, and

(*b*) The remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and

(*c*) The remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the preceding provisions of this article, remuneration derived by a resident of a State in respect of an employment exercised aboard an aircraft operated in international traffic may be taxed only in that State.

Article 16. DIRECTORS' FEES

Directors' fees and other similar payments derived by a resident of a State in his capacity as a member of the Board of Directors of a company which is a resident of the other State may be taxed in that other State.

Article 17. ARTISTES AND ATHLETES

1. Notwithstanding the provisions of articles 14 and 15, income derived by a resident of a 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 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, 14 and 15, be taxed in the State in which the activities of the entertainer or athlete are exercised.

3. Notwithstanding the provisions of paragraph 1, remunerations or profits, and wages, salaries and other similar income derived by an entertainer or an athlete, who is a resident of a State, from his personal activities as such exercised in the other State, shall be taxable only in the first-mentioned State if these activities in the other State are supported substantially by public funds of the first-mentioned State itself, a territorial authority, a statutory body or a resident of that State.

4. Notwithstanding the provisions of paragraph 2, where income in respect of personal activities exercised by an entertainer or an athlete in his capacity as such in a State accrues not to the entertainer or athlete himself but to another person, that income, notwithstanding the provisions of articles 7, 14 and 15, shall be taxable only in the other State, if that other person is supported substantially by public funds of that other State itself, a territorial authority, a statutory body or if that other person is a non-profit-making body of that other State.

Article 18. PENSIONS

1. Subject to the provisions of paragraph 2 of article 19, pensions and other similar remuneration paid to a resident of a State in consideration of past employment shall be taxable only in that State.

2. Notwithstanding the provisions of paragraph 1, pensions and other payments made under the social security legislation of a State shall be taxable only in that State.

Article 19. GOVERNMENT SERVICE

1. (*a*) Remuneration, other than a pension, paid by a State or a territorial authority thereof, or by a statutory body thereof, to an individual in respect of services rendered to that State or authority or statutory body shall be taxable only in that State.

(*b*) However, such remuneration shall be taxable only in the other 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. (*a*) Any pension paid by, or out of funds created by, a State or a territorial authority thereof, or by a statutory body thereof, to an individual in respect of services rendered to that State itself, a territorial authority, a statutory body or a resident of that State shall be taxable only in that State.

(*b*) However, such pension shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that other State.

3. The provisions of this article shall not apply to remuneration and pensions in respect of services rendered in connection with a business carried on by a State or a territorial authority thereof, or by a statutory body thereof.

Article 20. STUDENTS

1. Payments, which a student or business apprentice, who is or was immediately before visiting a State a resident of the other State, and who is present in the first-mentioned State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training, shall not be taxed in that State, provided that such payments arise from sources outside that State.

2. Notwithstanding the provisions of articles 14 and 15, remuneration which a student or business apprentice who is or was immediately before visiting a State, a resident of the other State and who is present in the first-mentioned State solely

for the purpose of his education or training derives in respect of services rendered in the first-mentioned State shall not be taxed in the first-mentioned State, provided that such services are in connection with his education or training or that the remuneration for such services is necessary to supplement the resources available to him for the purpose of his maintenance.

Article 21. TEACHERS AND RESEARCHERS

1. Remuneration which a teacher or a researcher who is or was immediately before visiting a State a resident of the other State, and who is present in the first-mentioned State solely for the purpose of teaching or engaging in research, derives in respect of such activities shall not be taxed in that State for a period not exceeding two years.

2. The provisions of paragraph 1 shall not apply to remuneration derived in respect of research undertaken not in the public interest but primarily for the private benefit of a specific person or persons.

Article 22. OTHER INCOME

1. Items of income of a resident of a 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 State, carries on business in the other State through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of article 7 or article 14, as the case may be, shall apply.

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

Article 23. METHOD FOR ELIMINATION OF DOUBLE TAXATION

Double taxation shall be avoided in the following manner:

1. In the case of Jordan, income that is taxable in France in accordance with the provisions of this Convention shall be exempt from taxation in Jordan.

2. In the case of France

(*a*) Income other than that referred to in sub-paragraph (*b*) below shall be exempt from the French taxes referred to in sub-paragraph (*a*) of paragraph 3 of article 2 if the income is taxable in Jordan under this Convention;

(*b*) Income referred to in articles 10, 11, 12, 14, 16 and 17 received from Jordan may be taxed in France, in accordance with the provisions of these articles, on the gross amount. The Jordanian tax levied on such income entitles residents of France to a tax credit corresponding to the amount of the Jordanian tax levied but which shall not exceed the amount of French tax attributable to such income. Such credit shall be allowed against taxes referred to in sub-paragraph (*a*) of paragraph 3 of article 2, in the bases of which such income is included.

(*c*) For the purposes of subparagraph (*b*), the Jordanian tax shall be considered to have been paid as follows:

— At the rates specified in article 10, paragraph 2;

— At the rate of 10 per cent in the case of interest which is exempt in Jordan under Jordanian legislation designed to encourage the country's economic development;

(*d*) Notwithstanding the provisions of sub-paragraphs (*a*) and (*b*), the French tax is computed on income chargeable in France by virtue of this Convention at the rate appropriate to the total of the income chargeable in accordance with the French laws.

Article 24. NON-DISCRIMINATION

1. Nationals of a State shall not be subjected in the other 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. This provision shall, notwithstanding the provisions of article 1, also apply to persons who are not residents of one or both of the States.

2. The term "nationals" means:

(*a*) All individuals possessing the nationality of a State;

(*b*) All legal persons, partnerships and associations deriving their status as such from the laws in force in a State.

3. Stateless persons who are residents of a State shall not be subjected in the other 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.

4. The taxation on a permanent establishment which an enterprise of a State has in the other State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities. This provision shall not be construed as obliging a State to grant to residents of the other 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.

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

6. Enterprises of a State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and

connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.

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

Article 25. MUTUAL AGREEMENT PROCEDURE

1. Where a person considers that the actions of one or both of the 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 State of which he is a resident or, if his case comes under paragraph 1 of article 24 to that of the State of which he is a 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 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 States.

3. The competent authorities of the States shall endeavour to resolve by mutual agreement any difficulties arising as to the application of the Convention.

In particular, the competent authorities of the States may consult together to endeavour to agree:

(*a*) To the same attribution in both States of the profits attributable to a permanent establishment situated in a State of an enterprise of the other State;

(*b*) To the same allocation of income between a resident of a Contracting State and an associated person referred to in article 9 who is a resident of the other State.

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

5. The competent authorities of the States shall by mutual agreement settle the mode of application of the Convention and, especially, the requirements to which the residents of a State shall be subjected in order to obtain, in the other State, the tax reliefs or exemptions provided for by the Convention.

Article 26. EXCHANGE OF INFORMATION

1. The competent authorities of the States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the States concerning taxes covered by the Convention in so far 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 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.

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

(*a*) To carry out administrative measures at variance with the laws and administrative practice of that or of the other 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 State;

(*c*) To supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy *(ordre public)*.

Article 27. DIPLOMATIC AGENTS AND CONSULAR OFFICERS

1. Nothing in this Convention shall affect the fiscal privileges of members of diplomatic missions and their personal domestics, of members of consular missions, or of members of permanent missions to international organizations under the general rules of international law or under the provisions of special agreements.

2. Notwithstanding the provisions of article 4 an individual who is a member of a diplomatic mission, consular post or permanent mission of a State which is situated in the other State or in a third State shall be deemed for the purposes of this Convention to be a resident of the sending State if:

(*a*) In accordance with international law he is not liable to tax in the receiving State in respect of income from sources outside that State;

(*b*) He is liable in the sending State to the same obligations in relation to tax on his total world-wide income or capital as are residents of that State.

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

Article 28. TERRITORIAL SCOPE

1. This Convention shall apply:

a) To the territory of the Hashemite Kingdom of Jordan, including the territorial sea and to any area beyond the territorial sea over which, in accordance with international law, the Hashemite Kingdom of Jordan has sovereign rights for

the purpose of exploring and exploiting the resources of the sea-bed and its subsoil and of the superjacent waters;

b) To the European and overseas departments of the French Republic including the territorial sea and to any area beyond the territorial sea over which, in accordance with international law, the French Republic has sovereign rights for the purpose of exploring and exploiting the resources of the sea-bed and its subsoil and of the superjacent waters.

2. This Convention may be extended, either in its entirety or with any necessary modifications, to the overseas territories of the French Republic which impose taxes substantially similar in character to those to which the Convention applies. Any such extension shall take effect from such date as may be specified and agreed between the States in notes to be exchanged through diplomatic channels or in any other manner in accordance with their constitutional procedures. This Agreement also allows for any necessary modifications to the Convention and the conditions of its application to the overseas territories to which it is extended.

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

Article 29. ENTRY INTO FORCE

1. Each State shall notify to the other the completion of the procedure required for its part for the bringing into force of this Convention. This Convention shall enter into force the first day of the second month following the date of receipt of the latter of these notifications.

2. Its provisions shall apply for the first time:

(*a*) As regards taxes withheld at source, to amounts payable on or after the date of entry into force of this Convention;

(*b*) As regards other taxes on income, to income derived during the calendar year in which the Convention entered into force, or relating to the accounting period ending during this year.

Article 30. TERMINATION

1. This Convention shall remain in force indefinitely. However, after 1987, each State may, by giving at least six months' written notice of termination through diplomatic channels, denounce the Convention for the end of a calendar year.

2. In such an event, its provisions shall apply for the last time:

(*a*) As regards taxes withheld at source, to amounts payable before or on the 31st of December of the calendar year for the end of which the termination has been notified;

(*b*) As regards other taxes on income, to income derived during the calendar year for the end of which the termination has been notified or relating to the accounting period ending during this year.

IN WITNESS WHEREOF the undersigned, duly authorised, have signed the present Convention.

DONE at Amman on 28 May 1984, in duplicate in the French and Arabic languages, both texts being equally authentic.

For the Government
of the French Republic:

[*Signed*]

JACQUES ALAIN DE SÉDOUY
Ambassador of France to Jordan

For the Government
of the Hashemite Kingdom
of Jordan:

[*Signed*]

Dr. ABDALLAH N'SOUR
Director General of Income Tax

PROTOCOL

At the time of signature of the Convention between the Government of the French Republic and the Government of the Hashemite Kingdom of Jordan for the avoidance of double taxation with respect to taxes on income, the undersigned have agreed upon the following provisions which form an integral part of the Convention.

1. In respect of paragraph 1 (*e*) of article 3, the term "international traffic" also means any transport by a container where such transport is supplementary to a transport in international traffic.

2. In respect of article 6, income from shares, rights or participations in a company or a legal person owning immovable property situated in France, which, under the French laws, is subjected to the same taxation treatment as income from immovable property, may be taxed in France.

3. (*a*) In respect of paragraphs 1 and 2 of article 7, where an enterprise of a State sells goods or merchandise or carries on business in the other State through a permanent establishment situated therein, the profits of this permanent establishment are not determined on the basis of the total amount received by the enterprise, but are determined only on the basis of the remuneration which is attributable to the actual activity of the permanent establishment for such sales or business.

In the case of contracts for the survey, supply, installation or construction of industrial, commercial or scientific equipment or premises, or of public works, when the enterprise has a permanent establishment the profits of such permanent establishment are not determined on the basis of the total amount of the contract, but are determined only on the basis of that part of the contract which is effectively carried out by the permanent establishment in the State where the permanent establishment is situated. The profits related to that part of the contract which is carried out by the head office of the enterprise shall be taxable only in the State of which the enterprise is a resident.

(*b*) In respect of paragraph 1 of article 7, payments of any kind received as a consideration for the use of, or the right to use, industrial, commercial or scientific equipment shall be deemed to be profits of an enterprise to which the provisions of article 7 apply.

4. In respect of paragraph 3 of article 12, remuneration paid for technical services, including scientific, geological or technical analyses or studies, for project study work, including related plans, or for consultancy or supervisory services, shall not be regarded as remuneration paid for information relating to experience acquired in the industrial, commercial or scientific fields.

5. (*a*) In respect of article 13, gains from the alienation of shares, rights or participations in a company or a legal person owning immovable property situated in France, which under the French laws are subjected to the same taxation treatment as gains from the alienation of immovable property, may be taxed in France.

(*b*) Notwithstanding the provisions of paragraph 4 of article 13, gains from the alienation of shares forming part of a substantial interest in the capital of a company which is a resident of France may be taxed in France, according to the provisions of article 160 of the *Code général des impôts*. A substantial interest

shall be deemed to exist when the alienator, alone or together with associated or related persons, holds directly or indirectly shares which together give rights to 25 per cent or more of the company profits.

6. In respect of article 24:

(*a*) Nothing in paragraph 1 shall be construed as preventing France from granting only to persons possessing French nationality the benefit of exemption of the capital gains derived from the alienation of immovable property or part of immovable property constituting a residence of French persons who are not domiciled in France, according to the provisions of article 150 C of the *Code général des impôts*;

(*b*) Nothing in paragraph 5 shall be construed as preventing France from applying the provisions of article 212 of the *Code général des impôts* as regards interest paid by a French company to a foreign parent company.

IN WITNESS WHEREOF the undersigned, duly authorized, have signed this Protocol.

DONE at Amman on 28 May 1984, in duplicate in the French and Arabic languages, both texts being equally authentic.

For the Government
of the French Republic:

[*Signed*]

JACQUES ALAIN DE SÉDOUY
Ambassador of France to Jordan

For the Government
of the Hashemite Kingdom
of Jordan:

[*Signed*]

Dr. ABDALLAH N'SOUR
Director General of Income Tax

EXCHANGE OF LETTERS

I

EMBASSY OF FRANCE IN JORDAN
THE AMBASSADOR

Amman, 28 May 1984

Sir,

During the negotiations on the Convention for the avoidance of double taxation, signed today between our two countries, it was understood that the reciprocal exemption for airline companies would apply retroactively to all the years preceding the date of application of the Convention. This solution was to be formally confirmed at the time of the signature of the Convention by means of an exchange of letters.

I therefore propose that this letter and your reply should constitute the official agreement of our two Governments on this point.

I should be grateful if you would inform me whether the preceding proposals are acceptable to your Government.

Accept, Sir, etc.

[*Signed*]

JACQUES ALAIN DE SÉDOUY

Mr. Abdallah N'Sour
Director General of Income Tax
Ministry of Finance
Amman, Jordan

II

Amman, 28 May 1984

Sir,

I have the honour to acknowledge receipt of your letter of today's date, which reads as follows:

[*See letter I*]

I have the honour to confirm that my Government agrees to the terms of your letter.

Accept, Sir, etc.

[*Signed*]

Dr. ABDALLAH N'SOUR
Director General of Income Tax

His Excellency Mr. Jacques Alain de Sédouy
Ambassador of France to Jordan
Amman