

UK/ARGENTINA DOUBLE TAXATION CONVENTION

SIGNED 3 JANUARY 1996

Entered into force 1 August 1997

Effective in United Kingdom from 1 April 1998 for corporation tax and from 6 April 1998 for income tax and capital gains tax

Effective in Argentina from 1 January 1998

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CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF ARGENTINA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND CAPITAL

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Argentina;

Desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital;

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.

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ARTICLE 2  
**Taxes covered**

(1) This Convention shall apply to taxes on income and on capital imposed on behalf of each Contracting State, irrespective of the manner in which they are levied.

(2) There shall be regarded as taxes on income and on capital all taxes imposed on total income, on total capital, or on elements of income or of capital, including taxes on gains from the alienation of movable or immovable property, as well as taxes on capital appreciation.

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

(a) in the case of the United Kingdom:

- (i) the income tax;
- (ii) the corporation tax; and
- (iii) the capital gains tax. (hereinafter referred to as "United Kingdom tax");

(b) in the case of Argentina:

- (i) the income tax (impuesto a las ganancias);

(ii) the assets tax (impuesto sobre los activos); and

(iii) the personal assets tax (impuesto personal sobre los bienes no incorporados al proceso económico); (hereinafter referred to as "Argentinian tax").

(4) This Convention shall also apply to any identical or substantially similar taxes which are imposed by either Contracting State after the date of signature of this Convention in addition to, or in place of, the taxes of that Contracting State referred to in paragraph (3) of this Article. The competent authorities of the Contracting States shall notify each other of any substantial changes which have been made in their respective taxation laws.

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### ARTICLE 3 General definitions

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

(a) the term "United Kingdom" means Great Britain and Northern Ireland, including its territorial sea, as well as any maritime area situated beyond the territorial sea which has been or might in the future be designated under the laws of the United Kingdom, in accordance with international law, as an area within which the United Kingdom may exercise rights with regard to the seabed and subsoil and the natural resources; and any territory to which this Convention may have been extended in accordance with the provisions of Article 29;

(b) the term "Argentina" means the Republic of Argentina, including its territorial sea, as well as any maritime area situated beyond the territorial sea which has been or might in the future be designated under the laws of Argentina, in accordance with international law, as an area within which Argentina may exercise rights with regard to the seabed and subsoil and the natural resources.

(c) the term "national" means:

(i) in relation to the United Kingdom, any British citizen, or any British subject not possessing the citizenship of any other Commonwealth country or territory, provided he has the right of abode in the United Kingdom; and any legal person, partnership, association or other entity deriving its status as such from the law in force in the United Kingdom;

(ii) in relation to Argentina:

(aa) any individual possessing the nationality of the Republic of Argentina;

(bb) any legal person, partnership or association deriving its status as

such from the laws in force in the Republic of Argentina;

(d) the terms "a Contracting State" and "the other Contracting State" mean the United Kingdom or Argentina, as the context requires;

(e) the term "person" comprises an individual, a company and any other body of persons;

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

(g) 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;

(h) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;

(i) the term "competent authority" means, in the case of the United Kingdom, the Commissioners of Inland Revenue or their authorised representative, and, in the case of Argentina, the Ministry of Economy, Works and Public Services, Secretary of Public Revenue (el Ministerio de Economía y Obras y Servicios Públicos, Secretaría de Ingresos Públicos).

(2) As regards the application of this Convention by a Contracting State any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of this Convention.

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#### ARTICLE 4 **Residence**

(1) For the purposes 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, place of incorporation or any other criterion of a similar nature; the term does not include any person who is liable to tax in that Contracting State only if he derives income from sources or capital situated therein. However, in relation to taxes on income in the case of partnerships the term applies only to the extent that the income derived by the partnership is subjected to tax in that Contracting State in the hands of its partners who are liable to taxation in that State as residents of that State. In relation to taxes on capital or assets, in the case of a partnership the term applies only to the extent that the capital or assets of the partnership are subjected to tax in that State as the capital or assets of a resident.

(2) Where by reason of the provisions of paragraph (1) of this Article an individual is a resident of both Contracting States, then his status shall be determined in accordance with the following rules:

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

(b) if the Contracting State in which he has his centre of vital interests cannot be determined, or if he has no permanent home available to him in either Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;

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

(d) if he is a national of both Contracting States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

(3) Where by reason of the provisions of paragraph (1) of this Article a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident of the Contracting State in which its place of effective management is situated.

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## 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 exploration for or

exploitation of natural resources.

(3) The term "permanent establishment" likewise encompasses:

(a) a building site, a construction, assembly or installation project or supervisory activities in connection therewith, but only where such site, project or activities continue for a period of more than six months;

(b) the furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose, but only where such activities, in respect of the same or a connected project, continue within the country for a period or periods aggregating more than six months within any twelve month period;

(c) the exploitation of natural resources without a fixed place of business, but only where such activities continue for a period of more than six months within any twelve month period.

(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 or display 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 or display;

(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) of this paragraph, 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) of this Article, where a person - other than an agent of an independent status to whom paragraph (6) of this Article applies - is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts on behalf 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) of this Article 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 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 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, if it is shown that the transactions between the agent and the enterprise were not made under arm's length conditions.

(7) 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.

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## 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 and aircraft shall not be regarded as immovable property.

(3) The provisions of paragraph (1) of this Article 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) of this Article 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.

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ARTICLE 7  
**Business profits**

(1) The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.

(2) Subject to the provisions of paragraph (3) of this Article, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

(3) In determining the profits of a permanent establishment, there shall be allowed those expenses which are incurred for the purposes of the permanent establishment including executive and general administrative expenses, whether incurred in the State in which the permanent establishment is situated or elsewhere.

(4) Notwithstanding the provisions of paragraph (1), profits derived by an enterprise of a Contracting State from the activity of granting insurance or reinsurance covering property situated in the other Contracting State or persons which are residents of that other State, at the time of the conclusion of the insurance contract, may be taxed in that other State, whether or not the enterprise carries on its activity in that other State through a permanent establishment situated therein. However, in such case, the tax charged in that other State shall not exceed 2.5 per cent. of the gross amount of the premium.

(5) Where a permanent establishment takes an active and substantial part in the negotiation and conclusion of contracts entered into by the enterprise, then, notwithstanding that other parts of the enterprise have also participated in those transactions, there shall be attributed to the permanent establishment such proportion of the profits of the enterprise arising out of those contracts as the contribution of the permanent establishment to those transactions bears to that of the enterprise as a whole. However, no profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

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

(7) Where profits include items of income or gains 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.

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## ARTICLE 8 **Shipping and air transport**

(1) Profits derived by an enterprise of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that State.

(2) For the purposes of this Article, profits from the operation of ships or aircraft in international traffic include:

- (a) income from the rental on a bareboat basis of ships or aircraft; and
- (b) profits from the use, maintenance or rental of containers (including trailers and related equipment for the transport of containers) used for the transport of goods or merchandise;

where such rental or such use, maintenance or rental, as the case may be, is incidental to the operation of ships or aircraft in international traffic.

(3) Where profits within paragraphs (1) or (2) of this Article are derived by a resident of a Contracting State from participation in a pool, a joint business or an international operating agency, the profits attributable to that resident shall be taxable only in the Contracting State of which he is a resident.

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## ARTICLE 9 **Associated enterprises**

(1) Where:

- (a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State; or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State;

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any income which would, but for those conditions, have accrued to one of the enterprises, may be included by a Contracting State in the profits of that enterprise and taxed accordingly.

(2) Where a Contracting State includes in the profits of an enterprise of that State - and taxes accordingly - profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Convention and the competent authorities of the Contracting States shall if necessary consult each other.

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## 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) 10 per cent. of the gross amount of the dividends if the beneficial owner is a company which controls, directly or indirectly, at least 25 per cent. of the voting power in the company paying the dividends;

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

(3) The term "dividends" as used in this Article means income from shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights assimilated to income from shares by the taxation laws of the State of which the company making the distribution is a resident and also includes any other item which, under the laws of the Contracting State of which the company paying the dividend is a resident, is treated as a dividend or distribution of a company.

(4) The provisions of paragraphs (1) and (2) of this Article 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 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 of this Convention, 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 or a fixed base situated in that other State, nor subject the company's undistributed profits to a tax on undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in that other State.

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## 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 12 per cent. of the gross amount of the interest.

(3) Notwithstanding the provisions of paragraph (2), interest arising in a Contracting State shall be exempt from tax in that State if:

(a) the payer of the interest is that State itself, a political subdivision, a local authority or statutory body thereof; or

(b) it is paid in respect of a loan made, guaranteed or insured, or any other debt-claim or credit created, guaranteed or insured by the other Contracting State, a political subdivision, a local authority or statutory body thereof; or

(c) it is beneficially owned by a resident of the other Contracting State and is paid in respect of a loan granted by a bank to an unrelated party at preferential rates and which is repayable over a period of not less than five years; or

(d) it is beneficially owned by a resident of the other Contracting State and is paid with respect to indebtedness arising as a consequence of:

(i) the sale on credit by a resident of that other State of industrial, commercial or scientific equipment, provided that neither the sale nor the indebtedness was between related persons, or

(ii) the purchase of industrial, commercial or scientific equipment financed through a leasing contract, provided that the conditions in that contract are in accordance with the rules established by the internal tax law in force in the Contracting State of which the purchaser is a resident.

(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. The term "interest" shall not include any item which is treated as a dividend under the provisions of Article 10 of this Convention.

(5) The provisions of paragraphs (1), (2) and (3) of this Article 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 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 of this Convention, 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 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 paid exceeds, for whatever reason, 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 of interest. In such 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.

(8) The relief from tax provided for in paragraphs (2) and (3) of this Article shall not apply if the beneficial owner of the interest:

(a) is exempt from tax on such income in the Contracting State of which he is a resident; and

(b) sells or makes a contract to sell the holding from which such interest is derived within three months of the date such beneficial owner acquired such holding.

(9) The provisions of this Article shall not apply if it was the main purpose or one of the main purposes of any person concerned with the creation or assignment of the debt-claim in respect of which the interest is paid to take advantage of this Article by means of that creation or assignment.

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## 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:

(a) 3 per cent. of the gross amount paid for the use of, or the right to use, news;

(b) 5 per cent. of the gross amount paid for the use of, or the right to use, copyright of literary, dramatic, musical or other artistic work (but not including royalties in respect of motion picture films and works on film or videotape or other means of reproduction for use in connection with television);

(c) 10 per cent. of the gross amount paid for the use of, or the right to use, any patent, trademark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial or scientific equipment, or for information concerning industrial or scientific experience, or the rendering of technical assistance; and

(d) 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, news, any copyright of literary, dramatic, musical or other artistic work, any patent, trademark, design or model, plan, secret formula or process or other intangible property, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience, and includes payments for the rendering of technical assistance and payments of any kind in respect of motion picture films and works on film, videotape or other means of reproduction for use in connection with television.

(4) The provisions of paragraph (1) and paragraph (2) of this Article 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 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 of this Convention, 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 or a fixed base in connection with which the obligation to pay the royalties was incurred, 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 paid exceeds, for whatever reason, 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 Contracting State, due regard being had to the other provisions of this Convention.

(7) The provisions of this Article shall not apply if it was the main purpose or one of the main purposes of any person concerned with the creation or assignment of the rights in respect of which the royalties are paid to take advantage of this Article by means of that creation or assignment.

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### ARTICLE 13 **Capital gains**

(1) Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 of this Convention and situated in the other Contracting State may be taxed in that other State.

(2) Gains derived by a resident of a Contracting State from the alienation of:

(a) shares, other than shares quoted on an approved Stock Exchange, deriving their value or the greater part of their value directly or indirectly from immovable property situated in the other Contracting State, or

(b) an interest in a partnership or trust the assets of which consist principally of immovable property situated in the other Contracting State, or of shares referred to in sub-paragraph (a) above,

may be taxed in that other State.

(3) Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State.

(4) Gains from the alienation of movable property which an enterprise of a Contracting State has in the other Contracting State for the purpose of its business activities shall be

taxable only in the first-mentioned State where the business profits derived by that enterprise are taxable only in that first-mentioned State in accordance with Article 7 of this Convention.

(5) Gains derived by a resident of a Contracting State from the alienation of ships or aircraft operated in international traffic by an enterprise of that Contracting State or movable property pertaining to the operation of such ships or aircraft, shall be taxable only in that Contracting State.

(6) Gains derived by a resident of a Contracting State from the alienation of any property situated in the other Contracting State, other than that property referred to in the preceding paragraphs of this Article, may be taxed in that other Contracting State. But in the case of gains derived from the disposal of shares the tax shall not exceed:

(a) 10 per cent. of the gain provided that, immediately before the disposal, the alienator controls, directly or indirectly, at least 25 per cent. of the voting power in the company in respect of which the share disposal is made;

(b) 15 per cent. of the gain in all other cases.

(7) Gains from the alienation of any property other than that property referred to in paragraphs (1), (2), (3), (4), (5) and (6) of this Article shall be taxable only in the Contracting State of which the alienator is a resident.

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## ARTICLE 14

### **Independent personal services**

(1) 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 he has a fixed base regularly available to him in the other Contracting 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 Contracting State; or

(b) if his stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate 90 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. But it does not

include technical services dealt with in Article 12.

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## ARTICLE 15 **Dependent personal services**

(1) Subject to the provisions of Articles 16, 18, 19 and 20 of this Convention, 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) of this Article, 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 commencing or ending in the calendar 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 in respect of an employment exercised aboard a ship or aircraft operated in international traffic may be taxed in the Contracting State of which the enterprise operating the ship or aircraft is a resident.

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## ARTICLE 16 **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 or a similar organ which is a resident of the other Contracting State may be taxed in that other State.

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## ARTICLE 17 **Artistes and sportsmen**

(1) Notwithstanding the provisions of Article 14 and Article 15 of this Convention,

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 a sportsman, 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 a sportsman in his capacity as such accrues not to the entertainer or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15 of this Convention, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.

(3) The provisions of paragraphs (1) and (2) shall not apply to income derived from activities performed in a Contracting State in the context of a visit to that State by a non-profit organisation of the other State provided that the visit is substantially supported by public funds.

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## ARTICLE 18 **Pensions**

(1) Pensions and other similar remuneration paid in consideration of past employment to a resident of a Contracting State and any annuity paid to such a resident shall be taxable only in that State.

(2) The term "annuity" means a stated sum payable to an individual periodically at stated times during life or during a specified or ascertainable period of time under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

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## ARTICLE 19 **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) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, 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 15 or 16 of this Convention 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.

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## ARTICLE 20 **Students**

Payments which a student, apprentice or business trainee who is or was immediately before visiting a Contracting State a resident of the other Contracting 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 first-mentioned State, provided that such payments arise from sources outside that State.

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## ARTICLE 21 **Other income**

(1) Items of income beneficially owned by a resident of a Contracting State, wherever arising, which are not dealt with in the foregoing Articles of this Convention, shall be taxable only in that State.

(2) The provisions of paragraph (1) of this Article shall not apply to income, other than income from immovable property as defined in paragraph (2) of Article 6 of this Convention, 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 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 of this Convention, as the case may be, shall apply.

(3) Where, by reason of a special relationship between the payer of income under this Article and the beneficial owner, or between both of them and some other person, the amount of the payment exceeds, for whatever reason, 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 payment shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

(4) The provisions of this Article shall not apply if it was the main purpose, or one of the main purposes, of any person concerned with the creation or assignment of the rights in

respect of which the income is paid to take advantage of this Article by means of that creation or assignment.

(5) 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 also be taxed in that other State.

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## ARTICLE 22

### **Capital**

(1) Capital represented by immovable property referred to in Article 6 of this Convention, owned by a resident of a Contracting State and situated in the other Contracting State, may be taxed in that other State.

(2) Capital represented by 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 by movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, may be taxed in that other State.

(3) Capital represented by movable property which an enterprise of a Contracting State has in the other Contracting State for the purpose of its business activities shall be taxable only in the first-mentioned State where the business profits derived by that enterprise are taxable only in that first-mentioned State in accordance with Article 7 of this Convention.

(4) Capital represented by ships and aircraft operated in international traffic, and by movable property pertaining to the operation of such ships and aircraft, shall be taxable only in the Contracting State in which the profits are taxable in accordance with Article 8 of the Convention.

(5) Other elements of capital of a resident of a Contracting State which are situated in the other Contracting State may be taxed in that State.

(6) All elements of capital of a resident of a Contracting State other than those referred to in paragraphs (1), (2), (3), (4) and (5) of this Article shall be taxable only in that State.

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## ARTICLE 23

### **Elimination of double taxation**

(1) Subject to the provisions of the law of the United Kingdom regarding the allowance as a credit against United Kingdom tax of tax payable in a territory outside the United Kingdom (which shall not affect the general principle hereof):

(a) Argentinian tax payable under the laws of Argentina and in accordance with this Convention, whether directly or by deduction, on profits, income or chargeable gains from sources within Argentina (excluding in the case of a dividend, tax payable in respect of the profits out of which the dividend is paid) shall be allowed as a credit against any United Kingdom tax computed by reference to the same profits, income or chargeable gains by reference to which the Argentinian tax is computed;

(b) in the case of a dividend paid by a company which is a resident of Argentina to a company which is a resident of the United Kingdom and which controls directly or indirectly at least 10 per cent. of the voting power in the company paying the dividend, the credit shall take into account (in addition to any Argentinian tax for which credit may be allowed under the provisions of sub-paragraph (a) of this paragraph) the Argentinian tax payable by the company in respect of the profits out of which such dividend is paid.

(2) In Argentina:

Where a resident of Argentina derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in the United Kingdom, Argentina shall allow:

(a) as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in the United Kingdom;

(b) as a deduction from the tax on capital of that resident, an amount equal to the capital tax paid in the United Kingdom.

Such deduction in either case shall not, however, exceed that part of the income tax or capital tax, as computed before the deduction is given, which is attributable, as the case may be, to the income or the capital which may be taxed in the United Kingdom.

(3) For the purposes of paragraphs (1) and (2) of this Article, profits, income and capital gains owned by a resident of a Contracting State which may be taxed in the other Contracting State in accordance with this Convention shall be deemed to arise from sources in that other Contracting State.

(4) The term "Argentinian tax payable" shall be deemed to include any amount which would have been payable as Argentinian tax, in accordance with the provisions of the Convention, for any year but for a deduction allowed in ascertaining the taxable income or an exemption from, or reduction of, tax granted for that year or any part thereof under:

(i) the Laws 19.640 and 22.095 including the Laws 20.560, 21.608 and 22.021 (and the Laws that have extended the benefits provided by the Law 22.021 to other provinces than those originally covered by the last mentioned Law), as modified by the Law 23.658 (as amended from time to time without affecting the general principle thereof); or

(ii) any other provision which may be enacted after the date of signature of the Convention allowing a deduction in ascertaining the taxable income or

granting an exemption from, or reduction of, tax which is agreed by the competent authorities of the Contracting States to be for the purpose of promoting economic development in Argentina for a limited period of time - (as amended from time to time without affecting the general principle thereof).

(5) Relief from United Kingdom tax by virtue of paragraph (4) shall not be given where the profits, income or chargeable gains in respect of which tax would have been payable but for the exemption or reduction of tax granted under the provisions referred to in that paragraph arise or accrue more than ten years after the date on which this Convention enters into force or in respect of income or profits from any source if that income or those profits arise in a period beginning more than ten years after the exemption or reduction referred to in that paragraph was first granted in respect of that source, whether that period began before or after the entry into force of this Convention. However, the competent authorities of the Contracting States may consult each other in order to determine whether the period of ten years shall be extended.

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#### ARTICLE 24 **Limitation of relief**

(1) Where under any provision of this Convention any income is relieved from tax in a Contracting State and, under the law in force in the other Contracting State a person, in respect of that income, is subject to tax by reference to the amount thereof which is remitted to or received in that other Contracting State and not by reference to the full amount thereof, then the relief to be allowed under this Convention in the first-mentioned Contracting State shall apply only to so much of the income as is taxed in the other Contracting State.

(2) Where under Article 13 of this Convention any gain is relieved from tax in a Contracting State and under the law in force in the other Contracting State a person is subject to tax in respect of that gain by reference to the amount thereof which is received in that State and not by reference to the full amount thereof, that Article shall apply only to so much of the gain as is taxed in that State.

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#### 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. But this paragraph shall not prevent that other Contracting State from imposing on the profits or income attributable to a permanent establishment in that Contracting State of a company which is a resident of the first-mentioned Contracting State an additional tax. However, that additional tax shall not exceed 10 per cent. of the profits or income of the permanent establishment after deduction of the income tax payable thereon.

(3) Except where the provisions of paragraph (1) of Article 9, paragraph (7) or (9) of Article 11, paragraph (6) or (7) of Article 12 or paragraph (3) or (4) of Article 21 of this Convention apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as 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 as obliging either Contracting State to grant to individuals not resident in that State any of the personal allowances, reliefs and reductions for tax purposes which are granted to individuals so resident.

(6) The provisions of this Article shall apply to the taxes which are the subject of this Convention.

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## ARTICLE 26

### **Mutual agreement procedure**

(1) Where a resident of a Contracting State considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, address his case to the competent authority of the Contracting State of which he is a resident, or if his case comes under paragraph (1) of Article 25, to that of the Contracting State of which he is a national, with an application in writing stating the grounds for claiming the revision of such taxation.

(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 not in accordance with the Convention.

(3) The competent authorities of the Contracting States shall endeavour to resolve by

mutual agreement any difficulties or doubts arising as to the interpretation or application of 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.

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## ARTICLE 27 **Exchange of information**

(1) The competent authorities of the Contracting States 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 this Convention insofar as the taxation thereunder is not contrary to this Convention, in particular, to prevent fraud and to facilitate the administration of statutory provisions against legal avoidance. Any information received by a Contracting State shall be treated as secret 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 this 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) of this Article be construed so as to impose on the competent authority of either Contracting State the obligation:

- (a) to carry out administrative measures at variance with the laws and administrative practice prevailing in either Contracting State;
- (b) to supply information which is not obtainable under the laws or in the normal course of the administration of either 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.

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## ARTICLE 28 **Members of diplomatic or permanent missions and consular posts**

Nothing in this Convention shall affect any fiscal privileges accorded to members of diplomatic or permanent missions or consular posts under the general rules of international law or under the provisions of special agreements.

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ARTICLE 29  
**Territorial extension**

At the time of the entry into force of this Convention, or at any time thereafter, the provisions of this Convention may be extended to such territories for whose international relations the Government of the United Kingdom is responsible, as may be agreed between the Contracting States in an Exchange of Notes.

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ARTICLE 30  
**Entry into force**

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

(2) This Convention shall enter into force after the expiry of thirty days following the date on which the instruments of ratification are exchanged and shall thereupon have effect;

(a) in the United Kingdom:

(i) in respect of income tax and capital gains tax, for any year of assessment beginning on or after 6th April in the calendar year next following that in which the instruments of ratification are exchanged;

(ii) in respect of corporation tax, for any financial year beginning on or after 1st April in the calendar year next following that in which the instruments of ratification are exchanged;

(b) in Argentina:

(i) in respect of taxes withheld at source, on income derived on or after 1st January in the calendar year next following the year in which the Convention enters into force;

(ii) in respect of other taxes on income and in the case of Argentina on assets for taxes chargeable for any tax year beginning on or after 1st January in the calendar year next following the year in which the Convention enters into force.

(3) The Convention between the Argentine Government and the Government of the United Kingdom concluded on 14th March 1949 (hereinafter referred to as the 1949 Convention) shall terminate and cease to be effective from the date upon which this

Convention applies in accordance with the provisions of paragraph (2) of this Article.

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## ARTICLE 31 **Termination**

This Convention shall remain in force until terminated by one of the Contracting States. Either Contracting State may terminate the Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year beginning after the expiry of five years from the date of entry into force of the Convention. In such event, the Convention shall cease to have effect:

(a) in the United Kingdom:

(i) in respect of income tax and capital gains tax, for any year of assessment beginning on or after 6th April in the calendar year next following that in which the notice is given;

(ii) in respect of corporation tax, for any financial year beginning on or after 1st April in the calendar year next following that in which the notice is given;

(b) in Argentina:

(i) in respect of taxes withheld at source, on income derived on or after 1st January in the calendar year next following the year in which the notice is given;

(ii) in respect of other taxes on income, and taxes on capital, for taxes chargeable for any tax year beginning on or after 1st January in the calendar year next following the year in which the notice is given.

In witness whereof the undersigned, duly authorised thereto, have signed this Convention.

Done in duplicate at Buenos Aires, this 3rd day of January 1996, in the English and Spanish languages, both texts being equally authoritative.

For the Government of the United

For the Government of the

Kingdom of Great Britain and  
Northern Ireland:

Republic of Argentina:

*Kenneth Clarke*

*Guido di Tella*

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**PROTOCOL AMENDING THE CONVENTION BETWEEN THE  
GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND  
NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF  
ARGENTINA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE  
PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON  
INCOME AND CAPITAL SIGNED AT BUENOS AIRES ON 3rd JANUARY 1996**

At the moment of signing the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital, this day concluded between the United Kingdom and the Republic of Argentina, the undersigned have agreed upon the following provisions which shall be an integral part of the Convention.

(1) With respect to Article 7, paragraph (1):

The export of goods or merchandise purchased by an enterprise shall, notwithstanding the provisions of subparagraph (d) of paragraph (4) of Article 5 of the Convention, remain subject to the domestic legislation in force concerning export.

(2) With respect to Article 7, paragraph (3):

In the case of Argentina, that paragraph shall not require the allowance of a total deduction for executive and technical assistance expenses when such deduction is limited by the terms of Article 151 of the Income Tax Regulations in force at the date of entry into force of this Convention, or any legislation or regulation which may be imposed thereafter and which is agreed by the competent authorities of the Contracting States to be of a substantially similar character.

(3) With respect to Article 8:

The term "profits" includes profits, net profits and revenues derived directly from the operation of ships or aircraft in international traffic, and also includes interest on sums generated from the operation of ships or aircraft in international traffic provided that such interest is incidental to the operation.

(4) With respect to Article 12:

(a) the limitations on the taxation at source provided for under paragraph (2) are, in the case of Argentina, subject to the registration requirements provided for in its

domestic legislation;

(b) the limitations on the taxation at source of royalties referred to in subparagraph (b) of paragraph (2) shall apply only if the royalties are derived by the author himself or his descendants;

(c) in the case of payments for technical assistance the tax payable in accordance with subparagraph (c) of paragraph (2) shall be determined after the deduction of the expenses directly related to the provision of such assistance.

(5) With respect to Article 23, paragraph (5):

It is understood that if an extension of the time period mentioned in that paragraph is not agreed upon by the competent authorities, Argentina shall apply the rules provided in Article 21 of the Income Tax Law (Law no. 20628, text approved in 1986 and its modifications to date) in force at the date of signature of this Convention.

(6) If after the date of signature of this Convention the Republic of Argentina concludes a Double Taxation Convention with a State that is a member country of the Organisation for Economic Co-operation and Development which limits the taxation in the country of source of business profits, insurance or reinsurance premiums, dividends, interest, royalties, payments for technical assistance or capital gains, to a rate that is lower or to a narrower taxable base than that provided for in this Convention, the lower rate (including any exemption) or narrower taxable base shall automatically apply for the purposes of this Convention from the date on which the Convention with that other OECD member country has effect.

(7) With reference to Article 29:

It is understood that the competent authorities will consult together concerning the tax system and economic development of the territory in respect of which any proposal for a territorial extension has been made under the terms of that Article and, in the case of Argentina, the extension of the Convention shall be subject to the approval of the Ministry of Economy, Works and Public Services, Secretary of Public Revenue.

In witness whereof the undersigned, duly authorised thereto, have signed this Convention.

Done in duplicate at Buenos Aires, this 3rd day of January 1996, in the English and Spanish languages, both texts being equally authoritative.

For the Government of the United  
Kingdom of Great Britain and  
Northern Ireland:

*Kenneth Clarke*

For the Government of the  
Republic of Argentina:

*Guido di Tella*

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