

**Papers on Selected Topics in Negotiation of Tax Treaties
for Developing Countries**

Paper No. 4-N

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How to Conduct Tax Treaty Negotiations

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1. Introduction

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3. Trust

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For the purpose of Articles 11 and 12 if a law of State A tax is agreed upon with any other State than State B after the entry into force of this Convention, State A shall without undue delay inform the Government of State B writing through diplomatic channels and shall enter into negotiations with the Government of State B with a view to include a similar provision in the present Convention.”

“sunset clause”

“.....This provision shall apply for the first ten years for which the Convention is effective, but the competent authorities may consult each other to determine whether this period shall be extended.”

“grandfathering clause

“2. Notwithstanding the termination of this Convention in accordance with paragraph 1 of this Article, this Convention shall in any event continue to apply to persons receiving income as mentioned in Article X. However, this provision shall only apply to persons receiving such income at the time the Convention becomes effective.”

“Article 29

Entry into force

1. The Contracting States shall notify each other in writing, through diplomatic channels, that the legal requirements for the entry into force have been complied with.
2. This Convention shall enter into force upon the later of these notifications and shall thereupon have effect:
 - a. In State A in respect of taxes on income for any year of income beginning on or after (date and month) next following that in which this Convention enters into force;
 - b. In State B in respect of taxes on income relating to any calendar year next following that in which the Convention enters into force;
 - c. For the purposes of Article 27 (Assistance in collection of taxes), from a date to be agreed in an exchange of notes through the diplomatic channels.”

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“3. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be

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prevent abuse

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7. Records of discussions

(3. Gains derived by an enterprise of a Contracting State from the alienation of ships or aircraft operated in international traffic or movable property pertaining to the operation of such ships or aircraft shall be taxable only in that the Contracting State in which the place of effective management of the enterprise is situated.)

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(3. Gains (AP derived by an enterprise of a Contracting State) from the alienation of ships

8. Conclusion

Annex 1

AGREED MINUTE

Annex 2

AGREED MINUTE