

C O N V E N T I O N

B E T W E E N

T H E G O V E R N M E N T O F T H E R E P U B L I C O F
A R M E N I A

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T H E G O V E R N M E N T O F T H E S Y R I A N A R A B
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F O R T H E A V O I D A N C E O F D O U B L E T A X A T I O N
W I T H R E S P E C T T O T A X E S O N I N C O M E

The Government of the Republic of Armenia and the Government of the Syrian Arab Republic,

proceeding from intention to promote and strengthen the economical, scientific, technical and cultural relations between both the Contracting States and in order to avoid double taxation on income, decided to conclude this Convention and have agreed as follows:

C H A P T E R I S C O P E O F T H E C O N V E N T I O N

A R T I C L E 1 P E R S O N A L S C O P E

This Convention shall apply to persons who are residents of one or both of the Contracting States.

A R T I C L E 2 T A X E S C O V E R E D

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

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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, taxes on the total amounts of wages or salaries paid by enterprises, 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 Armenia:

- profit tax;
- income tax;

(hereinafter referred to as "Armenian tax");

b) in the case of Syria:

- the income tax on commercial, industrial, and non-commercial (free professions) profits;
- the income tax on salaries and wages;
- the income tax on non-residents;
- the income tax on revenue of movable and immovable capital;
- surcharges imposed now or in the future as percentages of the above-mentioned taxes or in any other form or rate.

(hereinafter referred to as "Syrian tax").

4. The Convention shall apply also to any substantially similar taxes classified in accordance with definition of paragraph 1 of this Article 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 Contracting States shall notify each other of any changes which have been made in their respective taxation laws.

CHAPTER II DEFINITIONS

ARTICLE 3 GENERAL DEFINITIONS

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

a) the term "Contracting State" means Armenia or Syria as the context requires;

b) the term "Armenia" means the Republic of Armenia;

c) the term "Syria" means, in accordance with international law, the territories of the Syrian Arab Republic including its internal waters, territorial sea, the subsoil thereof and the airspace above them to which Syria has sovereign rights and other maritime areas to which Syria has the right to exercise sovereign rights for the purposes of exploration, exploitation and conservation of natural sources;

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

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

f) 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

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Contracting State and an enterprise carried on by a resident of the other Contracting State;

g) the term "national" means:

(i) any individual possessing the nationality of a Contracting State;

(ii) any legal person, deriving its status as such from the laws in force in a Contracting State;

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

i) the term "competent authority" means:

(i) in the case of Armenia - the Minister of Finance and Economy or his authorized representative and the Head of State Tax Service or his authorized representative;

(ii) in the case of Syria - the Minister of Finance or his authorized representative.

2. As regards the application of the Convention at any time by a Contracting State any term not defined therein shall, unless the context otherwise requires or the competent authorities of the Contracting States are not able to reach a mutual opinion according to the procedure mentioned in Article 25 of this Convention, have the meaning which it has at that time 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 Contracting State" means any person who, under the laws of that State is liable to tax therein by reason of his domicile, place of establishment and registration, residence, or any other criterion of a similar nature.

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 as follows:

a) he shall be deemed to be a resident only 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 only 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 not a permanent home available to him in either Contracting State, he shall be deemed to be a resident only 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 only of the Contracting State of which he is a national;

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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 a person other than an individual is a resident of both Contracting States, then such person shall be deemed to be a resident only of the Contracting State under the laws of which it derives its status as such.

ARTICLE 5 PERMANENT ESTABLISHMENT

1. For the purposes of this Convention, the term "permanent establishment" means a fixed place of business through which a resident of a Contracting State carries on the regular business in the other Contracting State.

2. The term "permanent establishment" includes especially:

- a) a place of management;
- b) a branch;
- c) an office;
- d) a factory;
- e) a workshop; and

f) a mine, an oil or gas well, a quarry or any other place of exploration, exploitation or extraction of natural resources.

3. A building site, a construction, assembly or installation project or supervisory or other activities in connection therewith constitutes a permanent establishment but only where such site, project or activities continue for a period of more than 6 months.

The term "other activities" as it used in this paragraph includes the furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose.

4. Notwithstanding the preceding provisions of this Article, the following activities of an enterprise of a Contracting State in the other Contracting State shall be deemed not to be treated as carrying on through the permanent establishment:

- 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 any other activities of a preparatory or auxiliary character, for the enterprise.

5. Where a person - other than an agent of an independent status to whom paragraph 7 applies - is acting in a Contracting State on behalf of the enterprise of the other Contracting State, that enterprise shall be deemed to have a permanent

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establishment in the first-mentioned Contracting State in respect of any activities which that person undertakes for the enterprise, if such a person has and habitually exercises in that State an authority to conclude contracts in the name of the enterprise, unless the activities of such a 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. Notwithstanding the preceding provisions of this Article, an insurance enterprise of a Contracting State shall, except in regard to re-insurance, be deemed to have a permanent establishment in the other Contracting State if it collects premiums in the territory of that other State or insures risks situated therein through a person other than an agent of an independent status to whom paragraph 7 applies.

7. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that State through a broker, commission agent or any other agent of an independent status.

8. 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.

CHAPTER III TAXATION OF INCOME

ARTICLE 6 INCOME FROM IMMOVABLE PROPERTY

1. Income derived by a resident of a Contracting State from immovable property situated in the other Contracting State may be taxed in that other State.

2. a) 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.

b) Ships, boats or aircraft, road vehicles shall not be regarded as immovable property.

3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.

4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

ARTICLE 7 BUSINESS PROFITS

1. The profits from business activities derived by an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on

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business in the other Contracting State through a permanent establishment situated therein.

If the enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, the profits of the enterprise may be taxed in the other Contracting 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 as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

4. 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.

5. Insofar as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary.

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

ARTICLE 8 INTERNATIONAL TRAFFIC

1. Profits of an enterprise of a Contracting State from the operation of ships, aircraft or road vehicles in international traffic shall be taxable only in the State in which its place of registration is situated. Such profits shall include profits derived by the enterprise from other activities, and, in particular, from the use or rental of containers used for the transport of goods or merchandise in international traffic, provided that such activities are incidental to the operation of ships, aircraft or road vehicles in international traffic by the enterprise.

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

3. The provisions of this Article do not include the profits realized by an enterprise of a Contracting State through commissions on sales, in the other

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Contracting State, of travel tickets of ships, aircraft and road vehicles belonging to the other enterprises.

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 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.

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 if that other State considers the adjustment justified. 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.

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 10 per cent of the gross amount of the dividends.

The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

The paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

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3. The term "dividends" as used in this Article means income from any shares, or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services 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. 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 the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

ARTICLE 11 INTEREST

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

2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest, the tax so charged shall not exceed 10 per cent of the gross amount of the interest.

The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

3. Notwithstanding the provisions of paragraph 2 of this Article, interest arising in a Contracting State shall be taxable only in the other Contracting State if it is derived and beneficially owned by that other State itself or by administrative-territorial subdivisions or local authorities or the Central Bank of that other State.

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 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the

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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, 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, an administrative-territorial 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, 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 Contracting State, due regard being had to the other provisions of this Convention.

ARTICLE 12 ROYALTIES

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

2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but the tax so charged shall not exceed 12 per cent of the gross amount of the royalties referred to in paragraph 3 of this Article.

The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

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

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, or performs in that other State independent personal

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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 Contracting State when the payer is that Contracting State itself, an administrative-territorial subdivision, a local authority or a resident of that Contracting 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 liability to pay the royalties was incurred, and such royalties are born by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the Contracting 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 Contracting State, due regard being had to the other provisions of this Convention.

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 and situated in the other Contracting State may be taxed in that other State.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property 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.

3. Gains derived by an enterprise of a Contracting State from the alienation of ships, boats, aircraft or road vehicles operated in international traffic, as well as of movable property pertaining to the operation of such ships, boats, aircraft or road vehicles, shall be taxable only in that State.

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 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 similar activities of an independent character shall be taxable only in that State unless he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities. If he has such a fixed base, the income may be taxed in the other State but only so much of it as is attributable to that fixed base.

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, surgeons, 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 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 exercised in the other Contracting State, such remuneration may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if all the following conditions are fulfilled:

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;

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

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, boat, aircraft or a road vehicle operated in international traffic by a resident of a Contracting State may be taxed in that State.

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 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 Articles 14 and 15, 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, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.

3. Notwithstanding the provisions of paragraphs 1 and 2, the income derived by an entertainer or a sportsman from the activities performed in a Contracting State, if the visit to that State is substantially supported by public funds of one or both of the Contracting States, or of administrative territorial subdivisions, or local authorities thereof, is taxable only on the Contracting State of which the entertainer or the sportsman is a resident.

ARTICLE 18
GOVERNMENT SERVICE

1. a) Salaries, wages and other similar remuneration, other than a pension, paid by, or out of funds created by a Contracting State or an administrative-territorial subdivision or a local authority thereof to an individual in respect of services rendered to that State or his administrative-territorial subdivision or local authority shall be taxable only in that State.

b) However, such salaries, wages and other similar 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, 16 and 19 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by a Contracting State or an administrative-territorial subdivision or a local authority thereof.

ARTICLE 19
PENSIONS

1. Pensions and other similar remuneration paid by a Contracting State to a resident of the Contracting State in consideration of past employment shall be taxable only in the first-mentioned State.

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2. Nothing contained in paragraph 1 shall affect the provisions of the law of a Contracting State concerning the exemption of pensions from tax.

ARTICLE 20 STUDENTS

1. Payments which a student, an apprentice or probationer, 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 State, provided that such payments arise from sources outside that State.

2. A student at a university or other institution for higher education or a business apprentice or probationer which is present in a Contracting State and who is or was immediately before visiting that State a resident of the other Contracting State, shall not be taxed in the first-mentioned State in respect of remuneration for services rendered in that State, provided that the services are in connection with his studies or training and the remuneration constitutes earnings necessary for his maintenance.

ARTICLE 21 PROFESSORS AND RESEARCHERS

Remuneration which a resident of a Contracting State receives for undertaking research or for teaching at a university, research institute or other similar establishment for higher education accredited by the government in the other Contracting State, shall not be taxable in that other State during a period not exceeding 2 years.

ARTICLE 22 OTHER INCOME

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

CHAPTER IV METHODS FOR ELIMINATION OF DOUBLE TAXATION

ARTICLE 23 ELIMINATION OF DOUBLE TAXATION

In both Contracting States double taxation shall be eliminated as follows:

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1. Where a resident of a Contracting State derives income which, in accordance with the provisions of this Convention, may be taxed in the other Contracting State, then the first Contracting State shall allow as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in the other Contracting State.

Such deduction shall not, however, exceed that part of the income tax, as computed before the deduction is given, which is attributable to the income which may be taxed in the other Contracting State.

2. Where in accordance with any provision of this Convention income derived by a resident of a Contracting State from the other Contracting State is exempt from tax in that State, that Contracting State may nevertheless, in calculating the amount of tax on the remaining income of such resident, take into account the exempted income.

CHAPTER V
SPECIAL PROVISIONS
ARTICLE 24
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, in particular with respect to residence, are or may be subjected.

2. Stateless persons who are residents of either Contracting State shall not be subjected in either 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 the State concerned in the same circumstances, in particular with respect to residence, are or may be subjected.

3. This provisions of this Article shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any tax allowances, which are granted by the first-mentioned State to the residents of the third States by force of existing tax agreements.

4. Except where the provisions of paragraph 1 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 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.

Similarly, any debts of an enterprise of a Contracting State to a resident of the other Contracting 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.

5. 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

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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 similar enterprises of the first-mentioned State are or may be subjected.

ARTICLE 25

MUTUAL AGREEMENT PROCEDURE

1. Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 24, to that of the Contracting 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 endeavor, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with the Convention. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.

3. The competent authorities of the Contracting States shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. They may also consult together for the elimination of double taxation in case not provided for in the Convention.

4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs of this Article. The competent authorities, through consultations, shall develop appropriate bilateral procedures, conditions, methods and techniques for the implementation of the mutual agreement procedure provided for in this Article.

ARTICLE 26

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 the Convention insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Article 1. Any information received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies)

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concerned with 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 Contracting State the obligation:

a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;

b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;

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

ARTICLE 27

MEMBERS OF DIPLOMATIC MISSIONS AND CONSULAR POSTS

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

CHAPTER VI FINAL PROVISIONS

ARTICLE 28 ENTRY INTO FORCE

1. This Convention shall be ratified in either of Contracting States and the instruments of ratification shall be exchanged through diplomatic channels.

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

a) in respect of taxes withheld at source – to amounts of income derived on or after the first day of January in the calendar year next following the year in which the Convention enters into force;

b) in respect of other taxes on income - for taxes derived on or after the first day of January in the calendar year next following the year in which the Convention enters into force.

ARTICLE 29 TERMINATION

1. This Convention shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Convention at any time, after a

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period of 5 years following its entry into force, by giving a notice of termination, through diplomatic channels, at least six months before the end of any calendar year.

In such event the Convention shall cease to have effect:

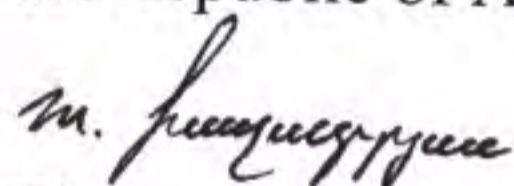
a) in respect of taxes withheld at source – to amounts of income derived on or after the first day of January in the calendar year next following the year in which the notice of termination has been given;

b) in respect of other taxes on income - for taxes derived on or after the first day of January in the calendar year next following the year in which the notice of termination has been given.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, by their respective Governments, have signed this Convention.

DONE in duplicate on at Yerevan on June 29, 2005 in the Armenian, Arabic and English languages, the texts being authentic. In case of divergence of interpretation, the English text shall prevail.

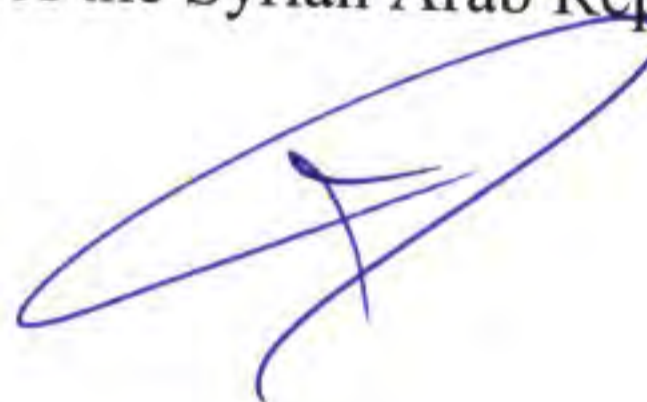
For the Government of
the Republic of Armenia:



Tigran Khachatryan
Deputy Minister of Finance
and Economy of the
Republic of Armenia

For the Government of
the Syrian Arab Republic:

Mouhannad Kheder Sayed Ahmad
Deputy Minister of Finance
of the Syrian Arab Republic



P R O T O C O L

At the signing of the

C O N V E N T I O N

B E T W E E N

**T H E G O V E R N M E N T O F T H E R E P U B L I C O F
A R M E N I A**

A N D

**T H E G O V E R N M E N T O F T H E S Y R I A N A R A B
R E P U B L I C**

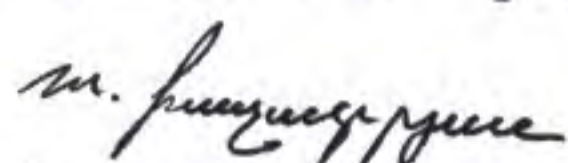
**F O R T H E A V O I D A N C E O F D O U B L E T A X A T I O N
W I T H R E S P E C T T O T A X E S O N I N C O M E**

The undersigned have agreed upon the following provisions which form an integral part of the Convention:

With reference to Article 24 it is agreed that the Armenians who are resident only of Syria and the Syrians who are resident only of Armenia meanwhile the time of application of this Convention shall be taxed according to the rules of taxation in place of their residency.

I N W I T N E S S W H E R E O F the undersigned, being duly authorized thereto, by their respective Governments, have signed this Convention.

D O N E in duplicate on at Yerevan on June 29, 2005 in the Armenian, Arabic and English languages, the texts being authentic. In case of divergence of interpretation, the English text shall prevail.



For the Government of
the Republic of Armenia:



For the Government of
the Syrian Arab Republic: