

**EXCHANGE NOTES BETWEEN
THE ISLAMIC REPUBLIC OF PAKISTAN AND
THE REPUBLIC OF KENYA
CONCERNING THE RECIPROCAL AVOIDANCE OF DOUBLE TAXATION
OF AIR ENTERPRISES FROM PAYMENT OF INCOME TAX.**

[Notification No. S.R.O. 713(I)/94 dated 13th July, 1994]

Whereas the diplomatic notes annexed herewith have been exchanged between the Islamic Republic of Pakistan and the Republic of Kenya for the purpose of reciprocal avoidance of double taxation on income derived from the operation of aircraft in international traffic;

NOW, THEREFORE, in exercise of the powers conferred by sub-section (1) of section 163 of the Income Tax Ordinance, 1979, (XXXI of 1979), read with clause (141) of Part I of the Second Schedule to that said Ordinance, the Federal Government is pleased to direct that all the provisions of the said Exchange Notes shall be given effect to in Pakistan.

ANNEXURE

The High Commission of Pakistan presents its compliments to the Ministry of Foreign Affairs of the Government of the Republic of Kenya and, with reference to the Kenyan Income Tax Act, which, subject to reciprocity, grants tax exemption to foreign air enterprises operating in international air traffic, has the honour to inform as follows:-

"Under clause (141) of the Second Schedule to the Income Tax Ordinance, 1979, income of a foreign enterprise derived from the operation of aircraft in international traffic may be exempted from payment of tax on a reciprocal basis."

The Government of the Islamic Republic of Pakistan, therefore, confirms the principle of reciprocity by stating that, subject to the grant by the Kenyan Government of exemption from tax on the income derived by air enterprises carried on by residents of Pakistan from the operation of aircraft in international traffic, air enterprises resident in Kenya deriving income from the operation of aircraft in international traffic shall be exempt from income tax in Pakistan. The proposed tax exemption will be applicable in Pakistan to the income of air enterprises derived on or after the first day of January, 1992.

The High Commission of Pakistan, therefore, requests the Ministry of Foreign Affairs of the Government of Republic of Kenya to confirm that the principle of reciprocity in fiscal matters will be applied to the air enterprises of Pakistan.

The High Commission of Pakistan avails itself of this opportunity to renew to the Ministry of Foreign Affairs of the Government of the Republic of Kenya the assurances of its highest consideration.

**Ministry of Foreign Affairs and International Cooperation,
Republic of Kenya, Nairobi.**

The Ministry of Foreign Affairs and International Cooperation of the Republic of Kenya presents its compliments to the High Commission for Pakistan and with reference to the letter's notes No. MISC. 1/92 of 19th October, 1993 and

No. MISC.1/92 of 10th January, 1994 concerning the reciprocal exemption of air enterprises from payment of income tax, has the honour to convey the following:-

The Government of the Republic of Kenya agrees to exempt from tax gross income derived from the International operation of aircraft by air enterprises of Pakistan.

In view thereof, the Ministry considers that the Note No.1/92 of 19th October, 1993 of the High Commission for Pakistan together with this Ministry's reply confirming that the Government of Kenya agrees to these terms, constitute an Agreement between the two Governments. This Agreement shall come into force on the date of reply note of this Ministry's and shall have effect for Kenya Tax with respect to taxable years beginning on or after the first day of January 1986.

The Ministry of Foreign Affairs and International Cooperation of the Republic of Kenya avails itself of this opportunity to renew to the High Commission for Pakistan the assurances of its high consideration.

HIGH COMMISSION FOR PAKISTAN, NAIROBI

[C. No. 2 (21) IT. 2/74.] M. IQBAL FARID,
Additional Secretary
