

GOVERNMENT OF PAKISTAN  
REVENUE DIVISION  
CENTRAL BOARD OF REVENUE

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Islamabad, the 30<sup>th</sup> August, 2006

NOTIFICATION  
(Income Tax)

S.R.O. 901(I)/2006.- WHEREAS the Government of the Islamic Republic of Pakistan and the Government of the Republic of Belarus have executed a Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income on the 23<sup>rd</sup> July, 2004, as set out in the Annexure to this Notification;

NOW, THEREFORE, in exercise of the powers conferred by sub-section (1) of section 107 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Government is pleased to direct that the Convention shall enter into force upon the exchange of instruments of ratification and its provisions shall have effect:-

- (a) in Pakistan:
  - (i) with regard to taxes withheld at source, in respect of amounts paid or credited on or after the first day of July next following the date upon which the Convention enters into force; and
  - (ii) with regard to other taxes, in respect of any taxable year beginning on or after the first day of July next following the date upon which the Convention enters into force.
- (b) in Belarus:
  - (i) in respect of taxes withheld at source, on income derived on or after the 1<sup>st</sup> January in the calendar year next following the year in which the Convention enters into force; and
  - (ii) in respect of other taxes, for taxes chargeable for any tax period beginning on or after the 1<sup>st</sup> January in the calendar year next following the year in which the Convention enters into force.

**CONVENTION**

**BETWEEN THE GOVERNMENT OF THE ISLAMIC  
REPUBLIC OF PAKISTAN**

**AND**

**THE GOVERNMENT OF THE REPUBLIC OF BELARUS**

**FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE  
PREVENTION OF FISCAL EVASION WITH RESPECT TO  
TAXES ON INCOME**

Preamble

The Government of the Islamic Republic of Pakistan and the Government of the Republic of Belarus desiring to conclude a Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and to promote and strengthen the economic relations between the two countries,

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.

**Article 2**

**Taxes Covered**

1. This Convention shall apply to taxes on income imposed on behalf of a Contracting State, irrespective of the manner in which they are levied.
2. There shall be regarded as taxes on income, all taxes imposed on total income or on elements of income including taxes on gains from the alienation of property.

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

(a) in the case of the Islamic Republic of Pakistan:

- (i) the income tax;
- (ii) the super tax; and
- (iii) the surcharge;

(hereinafter referred to as “Pakistan tax”); and

(b) in the case of the Republic of Belarus:

- (i) the taxes on income and profits; and
- (ii) the income tax on individuals;

(hereinafter referred to as “Belarusian tax”).

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

### **Article 3** **General Definitions**

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

- (a) the term “a Contracting State” and “the other Contracting State” mean Pakistan or Belarus, as the context requires;
- (b) the term “person” includes an individual, a company and any other body of persons;
- (c) the term “company” means:
  - (i) in Pakistan, any body corporate or any entity which is treated as company or body corporate for tax purposes;
  - (ii) in Belarus, any legal person or any entity which is treated as a separate entity for tax purposes;
- (d) 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;

- (e) 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;
- (f) the term “national” means:
- (i) any individual possessing the citizenship of a Contracting State;
  - (ii) any legal person or association deriving its status as such from the laws in force in a Contracting State;
- (g) the term “competent authority” means:
- (i) in Pakistan, the Central Board of Revenue or its authorized representative; and
  - (ii) in Belarus, the Ministry of Taxes and Duties or its authorized representative;
- (h) the term “Pakistan” when used in a geographical sense means Pakistan as defined in the Constitution of the Islamic Republic of Pakistan and includes any area outside the territorial waters of Pakistan which under the laws of Pakistan and international law is an area within which Pakistan exercises sovereign rights and exclusive jurisdiction with respect to the natural resources of the seabed, subsoil and superjacent waters;
- (i) the term “Belarus” means the Republic of Belarus and, when used in a geographical sense, means the territory over which the Republic of Belarus exercises under the laws of Belarus and in accordance with international law sovereign rights and jurisdiction; and
- (j) the term “tax” means Pakistan tax or Belarusian tax, as the context requires.
2. As regard the application of the Convention by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the laws 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, residence, place of management or place of registration or any other criterion of a similar nature, but this term does not include any person who is liable to tax in that State in respect only of income from sources therein.

2. Where by reason of the provisions of paragraph 1 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 State in which he has a permanent home available to him, if he has a permanent home available to him in both States, he shall be deemed to be a resident only of the State with which his personal and economic relations are closer (centre of vital interests);
  - (b) if the State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident only of the State in which he has an habitual abode;
  - (c) if he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident only of the State of which he is a national;
  - (d) if each State considers him as its own national or if he is not a national of either 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 if a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident only of the State in which its place of effective management is situated.

**Article 5**  
**Permanent Establishment**

1. For the purposes of this Convention, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.
2. The term "permanent establishment" includes especially:
  - (a) a place of management;
  - (b) a branch;
  - (c) an office;
  - (d) a factory;
  - (e) a workshop;
  - (f) a warehouse;
  - (g) a sales outlet; and
  - (h) a mine, an oil or gas well, a quarry or any other place of extraction or exploitation of natural resources.
3. The term "permanent establishment" likewise encompasses a building site, a construction, assembly or installation project or any supervisory activity in connection with such site or project, but only where such site, project or activity continues for a period of more than six (6) months.

4. Notwithstanding the preceding provisions of this Article, the term. “permanent establishment” shall be deemed not to include:
- (a) the use of facilities solely for the purpose of storage, or display or without sale delivery of goods or merchandise belonging to the enterprise;
  - (b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, or display or without sale delivery;
  - (c) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise;
  - (d) 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;
  - (e) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise; and
  - (f) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs (a) to (e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.
5. Notwithstanding the provisions of paragraphs 1 and 2, where a person - other than an agent of an independent status to whom paragraph 6 applies - is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.
6. An enterprise shall not be deemed to have a permanent establishment in a 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.
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.

**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. The aforementioned sentence is applicable only when the law of the Contracting State provides for respective provisions. Ships, boats and aircraft 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 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 the determination of the profits of a permanent establishment, there shall be allowed as deduction expenses which are incurred for the purposes of the business 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. However, no such deduction shall be allowed in respect of amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payment in return for the use of patents or other rights, or by way of commission, for specific services performed or for management, or, except in the case of a banking enterprises, by way of interest on moneys lent to the permanent establishment. Likewise, no account shall be taken, in the determination of the profits of a permanent establishment, for amounts charged (otherwise than towards reimbursement of actual expenses), by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other

rights, or by way of commission for specific services performed or for management, or, except in the case of a banking enterprise by way of interest on moneys lent to the head office of the enterprise or any of its other offices.

4. In so far 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. The method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this Article.
5. 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 which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

**Article 8**  
**Shipping and Air Transport**

1. Profits of an enterprise of a Contracting State from the operation ships or aircraft in international traffic shall be taxable only in that State.
2. For the purpose of this Article, profits from the operation of ships or aircraft in international traffic shall include profits derived from the rental on a bare boats basis of ships or aircraft used in international traffic, if such profits are incidental to the profits to which the provisions of paragraph 1 apply.
3. The provisions of preceding paragraphs shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

**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 may 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.

#### **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 beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed:
  - (a) 10 percent of the gross amount of the dividends if the beneficial owner is an individual or a company which holds at least 25 percent of the capital of the company paying the dividends; or
  - (b) 15 percent of the gross amount of the dividends in all other cases.

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

3. The term "dividends" as used in this Article means income from shares or other rights participating in profits (not being debt-claims), as well as income from other rights which is subjected to the same taxation treatment as income from shares by the laws of the Contracting 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 in so far 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 according to the laws of that State, but if the beneficial owner of the interest is a 10 resident of the other Contracting State, the tax so charged shall not exceed percent 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:
  - (a) interest arising in a Contracting State shall be exempt from tax in that State if it is derived and beneficially owned by the Government of the other Contracting State, or the State Bank in case of Pakistan and the National Bank in case of Belarus;
  - (b) interest arising in a Contracting State shall be exempt from tax in that State if it is beneficially owned by a resident of the other Contracting State and is derived in connection with a loan or credit extended, endorsed or guaranteed by the Government of the first-mentioned 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 purposes 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 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 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 if the beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed (15) percent of the gross amount of the royalties.
3. The term "royalties" as used in this Article means payment of any kind received as consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films or films, tapes for radio or television broadcasting, any patent, trade mark, drawing or model, plan, formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or transport vehicles or for information concerning industrial, commercial or scientific experience.
4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a 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, as the case may be, shall apply.
5. Royalties shall be deemed to arise in a Contracting State when the payer is 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 with which the right, property or contract or other liability in respect of which the royalties are paid is effectively connected, and such royalties are borne by such permanent

establishment or fixed base, then such royalties shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

6. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

**Article 13**  
**Capital Gains**  
**(Gains from the Alienation of Property)**

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 property, other than immovable property, forming part of property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of property, other than immovable 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 of an enterprise of a Contracting State from the alienation of ships or aircraft operated in international traffic or property other than immovable property, pertaining to the operation of such ships or aircraft, 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.

**Article 14**  
**Independent Personal Services**

1. Income derived by an individual who is resident of a Contracting State in respect of professional services, or other 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. For the purposes of this Convention, where an individual who is a resident of a Contracting State is present in the other Contracting State for a period or periods exceeding in the

aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned, he shall be deemed to have a fixed base regularly available to him in that other State and the income that is derived from his activities that are performed in that other State shall be 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, 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 so exercised, such remuneration as is derived therefrom may be taxed in that other State.
2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a 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 fiscal year concerned; and
  - (b) the remuneration is paid by or on behalf of an employer who is not a resident of the other State; and
  - (c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.
3. Notwithstanding the preceding provisions of this Article, the remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Contracting State may be taxed in that State.

#### **Article 16** **Directors' Fees**

1. Directors' fees and 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.
2. The remuneration other than salaries and wages referred in Article 15 derived by a resident of a Contracting State in his capacity as an official in a top-level managerial position of a company which is a resident of the other Contracting State may be taxed in that other State.

**Article 17**  
**Entertainers and Sportspersons**

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as an entertainer such as a theater, motion picture, radio or television artiste, or a musician, or as a sportsperson, 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 sportsperson in his capacity as such accrues not to the entertainer or sportsperson 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 sportsperson are exercised.
3. Income derived by a resident of a Contracting State from activities exercised in the other Contracting State as envisaged in paragraphs 1 and 2 of this Article, shall be exempt from tax in that other State if the visit to that other State takes place under a cultural agreement or arrangement between the Governments of the Contracting States.

**Article 18**  
**Pensions and Annuities**

1. Subject to the provisions of paragraph 2 of Article 19, pensions and other similar remuneration and annuities arising in a Contracting State and paid to a resident of the other Contracting State, may be taxed in the first-mentioned State.
2. Notwithstanding the provisions of paragraph 1, pensions and other similar payments made under the social security legislation of a Contracting State shall be taxable only in that State.
3. The term "annuity" means a stated sum payable 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.

**Article 19**  
**Government Service**

1. (a) Salaries, wages and similar remuneration, other than a pension, paid by a Contracting State to an individual in respect of services rendered to that State shall be taxable only in that State.  
  
(b) However, such salaries, wages and 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.
  - (a) Any pension paid by, or out of funds created by, a Contracting State to an individual in respect of services rendered to that State shall be taxable only in that State.
  - (b) However, such pension shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that State.
3. The provisions of Articles 15, 16, 17 and 18 shall apply to salaries, wages and similar remuneration, and to pensions in respect of services rendered in connection with a business carried on by a Contracting State.

**Article 20**  
**Students, Apprentices and Business Trainees**

1. Student, apprentice or trainee who is present in a Contracting State solely for the purpose of his education or training and who is, or immediately before being so present was, a resident of the other Contracting State, shall be exempt from tax in the first-mentioned State on payments received from outside that first-mentioned State for the purposes of his maintenance, education or training.

**Article 21**  
**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 in that State.
2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income being a resident of a 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, as the case may be, shall apply.
3. 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 the Convention and arising in the other Contracting State may also be taxed in that other State.
4. Notwithstanding any thing contained in paragraphs 1, 2 and 3 the fees for technical services arising in a Contracting State and paid to the resident of the other State may be taxed in the first-mentioned State. However, the tax so charged shall not exceed fifteen (15) percent of the gross amount of the fees for technical services.

5. Fees for technical services shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where, however, the person paying the fees for technical services, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base with which the right, property of contract in respect of which the fees for technical services are paid is effectively connected, and such fees for technical services are borne by such permanent establishment or fixed base, then such fees for technical services shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.
6. The term “fees for technical services” as used in paragraphs 4 and 5 means any consideration (including any lump sum consideration) for the provision or rendering of any managerial, technical or consultancy services by a resident of a Contracting State in the other Contracting State but does not include consideration for any activities mentioned in paragraph 3 of Article 5, Article 14 or Article 15.
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 fees for technical service 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 the laws of each Contracting State, due regard being had to the other provisions of this Convention.

**Article 22**  
**Elimination of Double Taxation**

Double taxation shall be eliminated as follows:

- (a). In Pakistan, where a resident of Pakistan derives income (or profits) which, in accordance with the provisions of this Convention, may be taxed in Belarus, Pakistan shall allow as a deduction from the tax on income (or profits) of that resident an amount equal to the Belarusian tax paid. Such deduction shall not, however, exceed that part of the tax on income (or profits) as computed before the deduction is given, which is attributable to the income (or profits) which maybe taxed in Belarus;
- (b). In Belarus, where a resident of the Belarus derives income (or profits) which, in accordance with the provisions of this Convention, may be taxed in Pakistan, Belarus shall allow as a deduction from the tax on income (or profits) of that resident an amount equal to the income tax paid in Pakistan.

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

**Article 23**  
**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. This provision shall notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the Contracting States.

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. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.
3. 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 that first-mentioned State are or may be subjected.
4. Except where the provisions of paragraph 1 of Article 9, paragraph 7 of Article 11, paragraph 6 of Article 12 or paragraph 7 of Article 21 apply, interest, royalties, fees for technical services 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.

#### **Article 24**

#### **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 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 23 to that of the Contracting State of which he is a national. The case must be presented within three (3) years from the first notification of the action resulting in taxation not in accordance with the provisions of the Convention.
2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other 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 endeavour 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 cases 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. 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 25**  
**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 in so far as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Article 1. Any information received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic law of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) 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 the 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.

**Article 26**  
**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 agreement.

**Article 27**  
**Entry into Force**

1. Each of the Contracting States shall notify to the other the completion of the procedures required by its law for the bringing into force of this Convention. The Convention shall enter into force on the date of receipt of the later of these notifications.
2. The provisions of the Convention shall apply:-

(c) in Pakistan:

- (i) with regard to taxes withheld at source, in respect of amounts paid or credited on or after the first day of July next following the date upon which the Convention enters into force; and
- (ii) with regard to other taxes, in respect of any taxable year beginning on or after the first day of July next following the date upon which the Convention enters into force.

(d) in Belarus:

- (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; and
- (ii) in respect of other taxes, for taxes chargeable for any tax period beginning on or after 1st January in the calendar year next following the year in which the Convention enters into force.

**Article 28**  
**Termination**

This Convention shall remain in force indefinitely but either of the Contracting States may terminate the Convention through the diplomatic channel, by giving to the other Contracting State written notice of termination not later than 30 June of any calendar year starting five years after the year in which the Convention entered into force.

2. In such event the Convention shall cease to apply:

(a) in Pakistan:

- (i) with regard to taxes withheld at source, in respect of amounts paid or credited after the end of the calendar year in, which such notice is given; and
  - (iii) with regard to other taxes, in respect of any taxable year beginning after the end of the calendar year in which such notice is given.
- (b) in Belarus:
- (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, for taxes chargeable for any tax period 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, being duly authorized thereto, have signed the present Convention.

Done in duplicate at Minsk on this 23<sup>rd</sup> day of July 2004 in the English and the Belarusian languages, both texts being equally authentic.

Sd/  
**FOR THE GOVERNMENT OF THE  
ISLAMIC REPUBLIC OF PAKISTAN**

Sd/  
**FOR THE GOVERNMENT OF  
REPUBLIC OF BELARUS**

## PROTOCOL

The Government of Islamic Republic of Pakistan and the Government of Republic of Belarus have agreed at the signing at Minsk on this 23<sup>rd</sup> day of July 2004 of the Convention between the two States for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income upon the following provisions which shall form an integral part of this Convention.

1. With reference to Article 4, it is understood that when determining the “place of effective management” as used in paragraph 3 of Article 4, the circumstances which may, inter alia, be taken into account are the place where a company is actually managed and controlled, the place where the decision making at the highest level on important policies essential for the management of a company take place, the place that plays a leading part in the management of a company from an economic and functional point of view and the place where the relevant accounting books are kept.

2. For the purposes of this Convention, it is understood that the term “fixed bas” includes a fixed place such as an office or a room or any other place regularly available to him through which the activity of a person performing independent personal services is wholly or partly carried on.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have signed the present Convention.

Done in duplicate at Minsk on this 23<sup>rd</sup> day of July 2004, in the English and the Belarusian languages, both texts being equally authentic.

SD/  
**FOR THE GOVERNMENT OF THE  
ISLAMIC REPUBLIC OF PAKISTAN**

SD/  
**FOR THE GOVERNMENT OF  
REPUBLIC OF BELARUS**

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[C.No.2(4)Int.Taxes/97 (Belarus-DTA)]

**(Salman Nabi)**  
Additional Secretary/Member (Direct Taxes)

**(TO BE PUBLISHED IN THE GAZETTE OF PAKISTAN – EXTRAORDINARY  
PART.I)**

**GOVERNMENT OF PAKISTAN  
REVENUE DIVISION**

**Islamabad, the July 26<sup>th</sup>, 2017**

**NOTIFICATION**  
(Income Tax)

**S.R.O. 709(I)/2017.-** WHEREAS the Islamic Republic of Pakistan and the Republic of Belarus signed the Protocol on 5<sup>th</sup> October 2016, as set out in the Annexure to this Notification (the Protocol) to amend the existing Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income between Pakistan and Belarus signed on July 23, 2004 (hereinafter referred to as “ The Convention”);

AND WHEREAS, in terms of Article 5 of the Protocol, the Contracting States shall notify each other through diplomatic channels that all the legal procedures for the entry into force of this Protocol have been completed,

AND WEREAS, both the Contracting States, that is to say, the Islamic Republic of Pakistan and the Republic of Belarus have completed all the legal procedures required for the entry into force this Protocol;

NOW, THEREFORE, in exercise of the powers conferred by sub-section (1) of section 107 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Government is pleased to direct that said Protocol shall come into force from 7<sup>th</sup> June, 2017 and the provisions of the said Protocol shall apply,

a) In Pakistan:

With regard to others taxes in respect of any taxable year beginning on or after the 1st day of July next following the date upon which the Protocol enters into force; and

b) In Belarus:

In respect of other taxes, for taxes chargeable for any tax period beginning on of after 1st January in the calendar year next following the year in which the Convention enters into force.

**PROTOCOL  
BETWEEN  
THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN  
AND  
THE GOVERNMENT OF THE REPUBLIC OF BELARUS  
AMENDING THE CONVENTION FOR THE AVOIDANCE OF DOUBLE TAXATION  
AND THE PREVENTION FISCAL EVASION WITH RESPECT TO TAXES ON  
INCOME SIGNED ON JULY 23, 2004**

The Government of the Islamic Republic of Pakistan and the Government of the Republic of Belarus,

Desiring to conclude a Protocol amending the Convention between the Government of the Islamic Republic of Pakistan and the Government of the Republic of Belarus for the Avoidance of Double Taxation with respect to taxes on income, signed at Minsk on 23<sup>rd</sup> July, 2004 (hereinafter referred to as the “Convention”),

Have agreed as follows:

**Article 1**

Paragraph 3 (b) of Article 2 of the Convention shall be replaced by the following:

“(b) in the case of the Republic of Belarus:  
(i) the tax on income;  
(ii) the tax on profits; and  
(iii) the income tax on individuals;  
(hereinafter referred to as “Belarusian tax”)”.

**Article 2**

Article 8 of the Convention shall be replaced by the following:

**“Article 8  
Shipping and Air Transport**

1. Profits from the operation of aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.
2. Profits from the operation of ships in international traffic may be taxed in the Contracting State in which the effective management of the enterprise is situated. However, such profits derived from sources within the other Contracting State may also be taxed in that other State in accordance with its domestic law, provided that the tax so charged in that other State shall be reduced by 50 per cent.

3. For the purposes of this Article, profits from the operation of ships or aircraft in international traffic include:

- a) profits 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.

4. If the place of effective management of a shipping enterprise or of an inland waterways transport enterprise is aboard a ship or boat then it shall be deemed to be situated in the Contracting State in which the harbor of the ship or boat is situated, or if there is no such home harbor, in the Contracting State of which the operator of the ship or boat is a resident.

5. The provisions of paragraph 1 and 2 shall also apply to profits from the participation in a pool, a joint business or an international operating agency, but only to so much of the profits so derived as is attributable to the participant in proportion to its share in the joint operation”.

### **Article 3**

In Paragraph 2 (a) of Article 10 of the Convention, the figure “10” shall be substituted by the figure “11”.

### **Article 4**

Article 25 of the Convention shall be replaced by the following:

#### **“Article 25**

#### **Exchange of Information**

1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Convention or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Articles 1 and 2.

2. Any information received under paragraph 1 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) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. 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. Notwithstanding the foregoing, information received by a Contracting State may be used for other purposes when



such information may be used for such other purposes under the laws of both States and the competent authority of the supplying State authorizes such use.

3. In no case shall the provisions of paragraphs 1 and 2 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 (order public).

4. If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.

5. In no case shall the provisions of paragraph 3 be construed to permit a Contracting State to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person”.

#### **Article 5**

1. The Contracting States shall notify each other through diplomatic channels that all legal procedures for the entry into force of this Protocol have been completed.

2. The provisions of this Protocol shall apply,

(a) In Pakistan:

With regard to others taxes in respect of any taxable year beginning on or after the 1st day of July next following the date upon which the Protocol enters into force; and

(b) In Belarus:

In respect of other taxes, for taxes chargeable for any tax period beginning on or after 1<sup>st</sup> January in the calendar year next following the year in which the Convention enters into force.

3. The provisions of this Protocol shall form an integral part of the Convention for Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on income signed on July 23, 2004.

IN WITNESS WHEREOF the duly authorized representatives of the Contracting States, have signed this Protocol.

DONE in duplicate in Islamabad on 5<sup>th</sup> day of October 2016 in English and Belarusian languages, all texts being equally authoritative. In case there is any divergence of interpretation between the English and the Belarusian texts, the English text shall prevail.

Sd  
**Mr. Mohammad Ishaq Dar,**  
**Minister for Finance & Revenue, Economic**  
**Affairs, Statistics and Privatization**

Sd  
**Mr. Sergei Nalivaiko,**  
**Minister of Taxation & Revenue**

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[C.No.2(7)Int.Taxes/94]

(Dr. Muhammad Iqbal)  
Additional Secretary/Member (IR- Policy)