

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

GOVERNMENT OF PAKISTAN
REVENUE DIVISION

Islamabad, the 21st July, 2017

NOTIFICATION
(Income Tax)

S.R.O.698(I)/2017.- WHEREAS the Islamic Republic of Pakistan and the Government of His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam signed an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income on 20th November 2008, as set out in the Annexure to this Notification (The Agreement);

AND WHEREAS, Article 28 requires that the Agreement shall enter into force on the thirtieth day after the date of receipt of the later of the two notifications through diplomatic channels by which either Contracting State notifies the other Contracting State that its internal legal requirements for the entry into force of this Agreement have been fulfilled;

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 provisions of the said Agreement shall come into force from 1st January, 2010 and shall have effect:

- (a) in the case of 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 this Agreement enters into force; and
 - (ii) with regard to other taxes, in respect of taxable years beginning on or after the first day of July next following the date upon which this Agreement enters into force; and
- (b) in the case of Brunei Darussalam, in respect of Brunei Darussalam tax for the year of assessment beginning on or after 1st January in the calendar year immediately following the year in which this Agreement enters into force and subsequent years of assessment.

AGREEMENT

BETWEEN

THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN

AND

**THE GOVERNMENT OF HIS MAJESTY THE SULTAN AND YANG DI-
PERTUAN OF BRUNEI DARUSSALAM**

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 His Majesty the Sultan and Yang Di-Pertuan of Brunei Darussalam desiring to conclude an Agreement 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:

**CHAPTER I
SCOPE OF THE AGREEMENT**

Article 1

PERSONS COVERED

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

Article 2

TAXES COVERED

1. This Agreement shall apply to taxes on income imposed on behalf of a Contracting State or of its political subdivisions or local authorities, 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 movable or immovable property, taxes on the total amounts of wages or salaries paid by enterprises.
3. The existing taxes to which this Agreement shall apply are in particular:
 - (a) in the case of Pakistan the income tax; (hereinafter referred to as "Pakistan tax");
 - (b) in the case of Brunei Darussalam:
 - (i) income tax imposed under Income Tax Act (Cap. 35); and
 - (ii) petroleum profits tax imposed under Income Tax (Petroleum) Act (Cap. 119) (hereinafter referred to as "Brunei Darussalam tax").
4. This Agreement shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of this Agreement in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of significant changes made to their tax laws within a reasonable period of time.

CHAPTER II DEFINITIONS

Article 3 GENERAL DEFINITIONS

1. For the purposes of this Agreement, unless the context otherwise requires:
 - (a) 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 and subsoil and superjacent waters;
 - (b) The term "Brunei Darussalam" means the territory of Brunei Darussalam as defined in its laws and the adjacent areas over which Brunei Darussalam has sovereignty, sovereign rights or jurisdiction in accordance with the provisions of the United Nations Convention on the Laws of the Sea, 1982;
 - (c) The term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;
 - (d) The term "competent authority" means:

