

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

GOVERNMENT OF PAKISTAN
REVENUE DIVISION

Islamabad, the July 26th, 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 5th 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 7th 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 or 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 23rd 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

