

No. 29498

**FEDERAL REPUBLIC OF GERMANY
and
EGYPT**

**Agreement for the avoidance of double taxation with respect
to taxes on income and capital (with protocol). Signed at
Cairo on 8 December 1987**

Authentic texts: German, Arabic and English.

Registered by Germany on 28 January 1993.

**RÉPUBLIQUE FÉDÉRALE D'ALLEMAGNE
et
ÉGYPTE**

**Accord tendant à éviter la double imposition en matière d'im-
pôts sur le revenu et sur la fortune (avec protocole). Signé
au Caire le 8 décembre 1987**

Textes authentiques : allemand, arabe et anglais.

Enregistré par l'Allemagne le 28 janvier 1993.

AGREEMENT¹ BETWEEN THE FEDERAL REPUBLIC OF GERMANY AND THE ARAB REPUBLIC OF EGYPT FOR THE AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME AND CAPITAL

The Federal Republic of Germany and the Arab Republic of Egypt

Desiring to conclude between their States a new Agreement for the Avoidance of Double Taxation with respect to Taxes on Income and Capital with a view to encouraging mutual investment and trade,

Have agreed as follows:

Article 1. PERSONAL SCOPE

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 and on capital imposed on behalf of each Contracting State or of its Länder, political subdivisions or local authorities, irrespective of the manner in which they are levied.

(2) There shall be regarded as taxes on income and on capital all taxes imposed on total income, on total capital, or on elements of income or of capital, 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 this Agreement shall apply are in particular:

a) In the Federal Republic of Germany:

The income tax (*Einkommensteuer*),
The corporation tax (*Körperschaftsteuer*),
The capital tax (*Vermögensteuer*) and
The trade tax (*Gewerbesteuer*)
(hereinafter referred to as “German tax”);

b) In the Arab Republic of Egypt:

The tax on income derived from immovable property (including the land tax, the building tax and the ghaffir tax),
The tax on income derived from movable capital,
The tax on commercial and industrial profits,
The tax on wages, salaries indemnities and pensions,
The tax on profits from liberal professions and all other non-commercial professions,

¹ Came into force on 22 September 1991, i.e., one month after the exchange of the instruments of ratification, which took place at Bonn on 22 August 1991, in accordance with article 30 (2).

The general income tax,

The corporation profits tax, and all supplementary taxes (including local authority taxes) imposed as a percentage of the taxes mentioned above

(hereinafter referred to as “Egyptian tax”).

(4) This Agreement shall also apply to any identical or substantially similar taxes which are imposed after the date of signature of the Agreement in addition to, or in place of, the existing taxes. In the event of substantial changes in their fiscal laws, the Contracting States will consult each other in order to determine whether it is necessary for that reason to amend any of the provisions of the Agreement.

Article 3. GENERAL DEFINITIONS

(1) For the purposes of this Agreement, unless the context otherwise requires:

a) The terms “a Contracting State” and “the other Contracting State” mean the Federal Republic of Germany or the Arab Republic of Egypt, as the context requires, and, if for the purposes of this Agreement used in a geographical sense, the area in which the tax law of the Contracting State concerned is in force, as well as the continental shelf adjacent to the territorial sea, insofar as the Contracting State concerned exercises there in conformity with international law sovereign rights to explore the continental shelf and exploit its natural resources;

b) The term “person” means an individual, a company and any other body of persons which is taxed as such;

c) The term “company” means any body corporate or any entity which is treated as a body corporate for tax purposes;

d) The terms “resident of a Contracting State” and “resident of the other Contracting State” mean a person who is resident of the Federal Republic of Germany or a person who is a resident of the Arab Republic of Egypt, as the context requires;

e) 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;

f) The term “international traffic” means any transport by ship or aircraft operated by an enterprise which has its place of effective management in a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;

g) The term “national” means:

aa) In respect of the Federal Republic of Germany any German in the meaning of paragraph 1 of Article 116 of the Basic Law for the Federal Republic of Germany and any legal person, partnership and association deriving its status as such from the law in force in the Federal Republic of Germany;

bb) In respect of the Arab Republic of Egypt any national of the Arab Republic of Egypt and any legal person, partnership and association deriving its status as such from the law in force in the Arab Republic of Egypt;

h) The term “competent authority” means in the case of the Federal Republic of Germany the Federal Ministry of Finance, and in the case of the Arab Republic of Egypt the Minister of Finance or his authorised representative.

(2) As regards the application of this Agreement 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 the State concerning the taxes to which the Agreement applies.

Article 4. RESIDENT

(1) For the purposes of this Agreement, 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 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 in that State or capital situated 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 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 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 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 of the State of which he is a national;

d) If he is a national of both 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 it shall be deemed to be a resident of the State in which its place of effective management is situated.

Article 5. PERMANENT ESTABLISHMENT

(1) For the purposes of this Agreement, 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 permanent sales exhibition;

e) A factory;

f) A workshop;

g) A mine, an oil or gas well, a quarry or any other place of extraction of natural resources; and

h) A farm or plantation.

(3) A building site or construction or installation project or supervisory activities in connection therewith constitute a permanent establishment only where such site, project or activity continues for a period of more than 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, display or 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, display or delivery;

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, for the enterprise, any other activity of a preparatory or auxiliary character;

f) The maintenance of a fixed place of business solely for any combination of activities mentioned in sub-paragraphs *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 (7) 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) 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 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.

(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.

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.