

No. 47329

**Estonia
and
Israel**

Convention between the Republic of Estonia and the State of Israel for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (with protocol). Tallinn, 29 June 2009

Entry into force: *28 December 2009 by notification, in accordance with article 27*

Authentic texts: *English, Estonian and Hebrew*

Registration with the Secretariat of the United Nations: *Estonia, 14 April 2010*

**Estonie
et
Israël**

Convention entre la République d'Estonie et l'État d'Israël tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu (avec protocole). Tallinn, 29 juin 2009

Entrée en vigueur : *28 décembre 2009 par notification, conformément à l'article 27*

Textes authentiques : *anglais, estonien et hébreu*

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[ENGLISH TEXT – TEXTE ANGLAIS]

**CONVENTION
BETWEEN
THE REPUBLIC OF ESTONIA
AND
THE STATE OF ISRAEL
FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE
PREVENTION OF FISCAL EVASION WITH RESPECT TO
TAXES ON INCOME**

Article 1
Persons covered

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 or its 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.
3. The existing taxes to which the Convention shall apply are in particular:
 - a) in Estonia: the income tax;
 - b) in Israel:
 - (i) the income tax and company tax (including tax on capital gains); and
 - (ii) the tax imposed on gains from the alienation of property according to the Real Estate Taxation Law.
4. The Convention shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that 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 "Estonia" means the Republic of Estonia and, when used in the geographical sense, means the territory of Estonia and any other area adjacent to the territorial waters of Estonia within which, under the laws of Estonia and in accordance with international law, the rights of Estonia may be exercised with respect to the sea bed and its sub-soil and their natural resources;
 - b) the term "Israel" means the State of Israel and when used in a geographical sense comprises the territory in which the Government of the State of Israel has taxation rights, including its territorial sea, as well as those maritime areas adjacent to the outer limit of the territorial sea, including seabed and subsoil thereof over which the State of Israel, in accordance with international law and the laws of the State of Israel, exercises its sovereign or other rights and jurisdiction.

- c) the term "person" includes an individual, a company and any other body of persons;
 - d) the term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;
 - e) the term "enterprise" applies to the carrying on of any business;
 - f) 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;
 - g) 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;
 - h) the term "competent authority" means:
 - (i) in Estonia: The Minister of Finance or his authorized representative;
 - (ii) in Israel: The Minister of Finance or his authorized representative;
 - i) the term "national" means:
 - (i) any individual possessing the citizenship of a Contracting State;
 - (ii) any legal person, partnership or association deriving its status as such from the laws in force in a Contracting State;
 - j) the term "business" includes the performance of professional services and of other activities of an independent character.
2. As regards the application of the Convention at any time by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that State for the purposes of the taxes to which the Convention applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.

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, place of incorporation or any other criterion of a similar nature, and also includes that State and any local authority thereof. This term, however, does not include any person who is liable to tax in that State in respect only of income from sources in that State.
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;
 - b) if he has a permanent home available to him in both States, 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 with which his personal and economic relations are closer (centre of vital interests);
 - c) if the State in which he has his centre of vital interests cannot be determined, he shall be deemed to be a resident only of the State in which he has an habitual abode;
 - d) 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;
 - e) 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, the competent authorities of the Contracting States shall settle the question by mutual agreement.

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, and
 - f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.
3. A building site or construction or installation project constitutes a permanent establishment only if it lasts more than twelve 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