

No. 48578

**Spain
and
Pakistan**

Convention between the Islamic Republic of Pakistan and the Kingdom of Spain for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (with protocol). Madrid, 2 June 2010

Entry into force: *18 May 2011 by notification, in accordance with article 27*

Authentic texts: *English and Spanish*

Registration with the Secretariat of the United Nations: *Spain, 9 June 2011*

**Espagne
et
Pakistan**

Convention entre la République islamique du Pakistan et le Royaume d'Espagne tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu (avec protocole). Madrid, 2 juin 2010

Entrée en vigueur : *18 mai 2011 par notification, conformément à l'article 27*

Textes authentiques : *anglais et espagnol*

Enregistrement auprès du Secrétariat des Nations Unies : *Espagne, 9 juin 2011*

[ENGLISH TEXT – TEXTE ANGLAIS]

**CONVENTION
BETWEEN
THE ISLAMIC REPUBLIC OF PAKISTAN
AND
THE KINGDOM OF SPAIN
FOR THE AVOIDANCE OF DOUBLE TAXATION
AND THE PREVENTION OF FISCAL EVASION
WITH RESPECT TO TAXES ON INCOME**

The Kingdom of Spain and the Islamic Republic of Pakistan, 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:

CHAPTER I
SCOPE OF THE CONVENTION

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 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, as well as taxes on capital appreciation.

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

a) in Spain;

- i) the income tax on individuals;
- ii) the income tax on corporations; and
- iii) the income tax on non residents;

(hereinafter referred to as "Spanish Tax");

b) in Pakistan;

the income tax :

(hereinafter referred to as "Pakistan Tax").

4. The Convention shall apply also to any identical or substantially similar taxes which 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 significant changes made to their tax law.

CHAPTER II

DEFINITIONS

Article 3

GENERAL DEFINITIONS

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

- a) the term “Spain” means the Kingdom of Spain and, when used in a geographical sense, means the territory of the Kingdom of Spain, including inland waters, the air space, its territorial sea and any area outside the territorial sea upon which, in accordance with international law and on application of its domestic legislation, the Kingdom of Spain exercises or may exercise in the future jurisdiction or sovereign rights with respect to the seabed, its subsoil and superjacent waters, and their natural resources;**
- b) the term “Pakistan” when used in a geographical sense means Pakistan as defined in the constitution of the Islamic Republic of Pakistan and includes the air space and 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;**
- c) the terms “a Contracting State” and “the other Contracting State” mean Spain or Pakistan as the context requires;**
- d) the term “person” includes an individual, a company and any other body of persons;**
- e) the term “company” means any body corporate or any entity that is treated as a body corporate for tax purposes;**
- f) the term “enterprise” applies to the carrying on of any business;**
- g) 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;**
- h) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise that 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;

- i) the term "competent authority" means:
 - i) in Spain: the Minister of Economy and Finance or his authorized representative; and
 - ii) in Pakistan: the Federal Board of Revenue or its authorized representative;
- j) the term "national" means:
 - i) any individual possessing the nationality 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;
- k) 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 or any other criterion of a similar nature, and also includes that State and any political subdivision or 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; 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);