

CONVENTION

BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION AND THE GOVERNMENT OF THE REPUBLIC OF ARGENTINA FOR THE AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

The Government of the Russian Federation and the Government of the Republic of Argentina desiring to conclude a Convention for the avoidance of double taxation with respect to taxes on income and on capital, have agreed as follows:

Article 1 Personal Scope

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 and on capital imposed on behalf of each Contracting State, 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.
3. The existing taxes to which the Convention shall apply are, in particular:
 - a) in the case of the Russian Federation:
 - i) tax on income (profits) of enterprises and organisations;
 - ii) income tax on individuals;

- iii) tax on property of enterprises and organisations; and
- iv) tax on property of individuals

(hereinafter referred to as "Russian tax");

b) in the case of Argentina:

- i) the income tax;
- ii) the personal assets tax; and
- iii) the presumptive minimum income tax

(hereinafter referred to as "Argentine 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 which have been made in their respective taxation laws, concerning the application of this Convention.

Article 3 General Definitions

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

- a) the terms "a Contracting State" and "the other Contracting State" mean, as the context requires, Russia or Argentina;
- b) the term "Argentine Republic" means the territory of the Argentine Republic as well as those maritime areas adjacent to the outer limit of the territorial sea over which the Argentine Republic has sovereign rights or jurisdiction in accordance with the United Nations Convention on the Law of the Sea (UNCLOS);
- c) the term "Russia" means the territory of the Russian Federation as well as those maritime areas adjacent to the outer limit of the territorial sea over which the Russian Federation has sovereign rights or jurisdiction in accordance with the United Nations Convention on the Law of the Sea (UNCLOS);

- 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 which is treated as a body corporate for tax purposes;
- 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 which is a resident in a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
- h) the term "tax" means any tax covered by Article 2 of this Convention;
- i) the term "national" means:
 - i) any individual possessing the nationality of a Contracting State;
 - ii) any legal person, partnership and association deriving its status as such from the laws in force in a Contracting State;
- j) the term "competent authority" means:
 - i) in the case of Russia - the Ministry of Finance of the Russian Federation or its authorised representative;
 - ii) in the case of Argentina - the Ministry of Economy, and Works and Public Services, Secretary of Finance.

2. As regards the application of the Convention by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the law of that State concerning the taxes to which the Convention applies.

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. 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 company is a resident of both Contracting States, then its status shall be determined as follows:

- a) it shall be deemed to be a resident of the State of which it is a national;
- b) if it is a national of neither of the States, the competent authorities of the Contracting States shall by mutual agreement endeavour to

settle the question and determine the mode of application of the Convention to such person.

4. Where by reason of the provisions of paragraph 1 a person other than an individual or a company is a resident of both Contracting States, the competent authorities of the Contracting States shall by mutual agreement endeavour to settle the question and to determine the mode of application of the Convention to such person.

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 of a Contracting State 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 relating to the exploration for or the exploitation of natural resources.

3. The term "permanent establishment" likewise encompasses:

- a) a building site, a construction, assembly or installation project or supervisory activities in connection therewith, but only where such site, project or activities continue for a period of more than six months;
- b) the furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose, but only where such activities continue

within the country for a period or periods aggregating more than one month within any twelve month period.

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 or display 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 or display;
- 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.

5. Notwithstanding the provisions of paragraphs 1 and 2, where a person - other than an agent of an independent status to whom paragraph 6 applies - is acting on behalf of an enterprise of a Contracting State and has, and habitually exercises in the other 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 other 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. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other 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.

7. 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.
2. For the purposes of this Convention, the term "immovable property" shall have the meaning which it has under law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, rights known as usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources. Ships and aircraft shall not be regarded as immovable property.
3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.
4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

Article 7 **Business Profits**

1. The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on or has carried on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to:
 - a) that permanent establishment; or
 - b) sales in that other State of goods or merchandise of the same or similar kind as those sold through that permanent establishment; or

Article 8

Shipping and Air Transport

1. Profits derived by an enterprise of a Contracting State from the operation of ships or aircraft in international traffic including the charter or rental of ships or aircraft, the rental of containers and related equipment, provided that such charter, or rental is incidental to the operation by that enterprise of ships or aircraft in international traffic, shall be taxable only in that State.
2. The provisions of paragraph 1 shall also apply to profits derived by an enterprise of a Contracting State from its participation in a pool, a joint business or an international operating agency.

Article 9

Associated Enterprises

1. Where
 - a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or
 - b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profit which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profit of that enterprise and taxed accordingly.

2. Where a Contracting State includes in the profit of an enterprise of that State- and taxes accordingly- profit on which an enterprise of the other Contracting State has been charged to tax in that other State and the profit so included is profit which would have accrued to the first-mentioned enterprise if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of tax charged therein on that profit, where that other State considers the adjustment justified. In determining such adjustment, due regard shall be had to the other provisions of this

- c) other business activities carried on in that other State of the same or similar kind as those effected through that permanent establishment.

However, the provisions of subparagraph b) and c) will apply if the selling process, respectively the business activities, have for the main part been carried out by the permanent establishment.

2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In determining the profits of a permanent establishment, there shall be allowed those deductible expenses which are incurred for the purposes of the permanent establishment including executive and general administrative expenses, whether incurred in the State in which the permanent establishment is situated or elsewhere.

4. Notwithstanding the provisions of paragraph 1, profits derived by an enterprise of a Contracting State from the activity of granting insurance or reinsurance covering property situated in the other Contracting State or persons which are residents of that other State, at the time of the conclusion of the insurance contract, may be taxed in that other State, whether or not the enterprise carries on its activity in that other State through a permanent establishment situated therein.

5. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

6. Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

Convention and the competent authorities of the Contracting States shall if necessary consult each other.

3. A Contracting State shall not adjust the profit of an enterprise in the circumstances referred to in paragraph 1 after the expiry of the time limits provided in its national laws and, in any case, after six years from the end of the year in which the profit which would be subject to such adjustment would, but for the conditions referred to in paragraph 1, have accrued to that enterprise.

4. The provisions of paragraphs 2 and 3 shall not apply in the case of fraud, wilful default or neglect.

Article 10 Dividends

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.

2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed:

- a) 10 per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 25 per cent of the capital of the company paying the dividends;
- b) 15 per cent of the gross amount of the dividends in all other cases.

The provisions of this paragraph shall not affect the taxation of the company on the profits out of which the dividends are paid.

3. The term "dividends" as used in this Article means income from shares or other rights, not being debt-claims, participating in profits, as well as income which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base

situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

5. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other State, nor subject the company's undistributed profits to a tax on undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

Article 11 **Interest**

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest the tax so charged shall not exceed 15 per cent of the gross amount of the interest.

3. Notwithstanding the provisions of paragraph 2, interest arising in:

- a) Russia and paid to the government of Argentina or to the Central Bank of Argentina shall be exempt from the Russian tax,
- b) Argentina and paid to the government of Russia or to the Central Bank of Russia shall be exempt from the Argentine tax.

4. The term "interest" as used in this Article means income from debt-claims of every kind, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures, as well as income which is subjected to the same taxation treatment as income from money lent by the laws of the State in which the income arises.

5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business

in the other Contracting State in which the interest arises through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

6. Interest shall be deemed to arise in a Contracting State when the payer is the government of that Contracting State, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

7. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

Article 12 **Royalties**

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the recipient is the beneficial owner of the royalties the tax so charged shall not exceed 15 per cent of the gross amount of the royalties.

3. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, dramatic, musical or other artistic work, any patent, trade mark, design or model, plan, secret formula or process or other intangible property, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for

information concerning industrial, commercial or scientific experience, and includes payments for the rendering of technical assistance and payments of any kind in respect of motion picture films and works on film, videotape or other means of reproduction for use in connection with television.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is the government of that Contracting State, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the obligation to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

6. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

Article 13

Capital Gains

1. Gains derived by a resident of a Contracting State from the alienation of any property situated in the other Contracting State may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1, gains derived by a resident of a Contracting State from the alienation of ships or aircraft operated in international traffic or movable property pertaining to such operation shall be taxable only in the Contracting State of which the alienator is a resident.

Article 14 Independent Personal Services

1. Income derived by an individual who is a resident of a Contracting State in respect of professional services or other activities of an independent character performed in the other Contracting State may be taxed in that other State.

2. The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

Article 15 Dependent Personal Services

1. Subject to the provisions of Articles 16, 18, 19 and 20, salaries, wages and other remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:

- a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in the calendar year concerned; and
- b) the remuneration is paid by, or on behalf of, a person who is not a resident of the other State; and
- c) the remuneration is not borne by a permanent establishment or a fixed base which the person has in the other State.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by a resident of a Contracting State, may be taxed in that State.

Article 16 **Directors' Fees**

Directors' fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors or a similar organ of a company which is a resident of the other Contracting State, may be taxed in that other Contracting State.

Article 17 **Artists and Sportsmen**

1. Notwithstanding the provisions of Articles 14 and 15, income derived by resident of a Contracting State as an entertainer, such as theatre, motion picture, radio or television artiste, or a musician, or as a sportsman from his personal activities as such exercised in the other Contracting State may be taxed in that other Contracting State.

2. Where income in respect of the personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.

3. Income derived by entertainers or sportsmen who are residents of a Contracting State ^{from} activities exercised in the other Contracting State shall be exempted from tax in that other Contracting State, if the visit to that State is substantially supported by public funds of the other State, a political subdivision or a local authority thereof.

Article 18 **Pensions and Annuities**

1. Subject to the provisions of paragraph 2 of Article 19 of this Convention, pensions and other similar remuneration paid in consideration of past

employment to a resident of a Contracting State and any annuity paid to such a resident may be taxed in that Contracting State.

2. The term "annuity" means a stated sum payable periodically at stated times during life or during specified or ascertainable period of time under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

Article 19 Government Service

1.
 - a) Remuneration, other than a pension, paid by a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.
 - b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, such remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the recipient is a resident of that State who:
 - i) is a national of that State; or
 - ii) did not become a resident of that State solely for the purpose of rendering the services.

2. Any pension paid by, or out of funds created by, a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority may be taxed in that State.

3. The provisions of paragraphs 1 and 2 of this Article shall not apply and the provisions of Articles 15, 16 and 19 shall apply to remuneration and pensions paid by the government of a Contracting State, political subdivision or local authority thereof if such remuneration or pensions are paid in respect of services rendered in connection with any business activities carried on in the other Contracting State.

Article 20
Students, Business Apprentices, Teachers and Researches

1. Payments which a student or business apprentice who is, or was immediately before visiting a Contracting State, a resident of the other Contracting State and who is present in the first-mentioned State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that State, provided that such payments arise from sources outside the first-mentioned State.
2. Likewise, remuneration received by a teacher or a researcher who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned State for the primary purpose of teaching or conducting research in public institutions of the first-mentioned State shall be exempt from tax in this State for a period of two years in respect of remuneration for such teaching or research.

Article 21
Other Income

Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Convention may be taxed in that Contracting State.

Article 22
Capital

1. Capital represented by movable and immovable property owned by a resident of a Contracting State and situated in the other Contracting State, may be taxed in that other Contracting State.
2. Notwithstanding the provisions of paragraph 1, capital represented by ships and aircraft operated by a resident of a Contracting State in international traffic and by movable property pertaining to the operation of such ships and aircraft, shall be taxable only in that State.

Article 23
Elimination of Double Taxation

1. In Russia, double taxation shall be avoided as follows:

Where a resident of Russia derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in Argentina, Russia may allow the amount of tax on that income or capital payable in Argentina, ~~may~~^{to} be credited against the tax levied in Russia. The amount of credit, however, shall not exceed the amount of the tax of Russia on that income or capital computed in accordance with its taxation laws and regulations.

2. In Argentina, double taxation shall be avoided as follows:

Where a resident of Argentina derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in Russia, Argentina shall allow:

- a) as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in Russia;
- b) as a deduction from the tax on the capital of that resident, an amount equal to the capital tax paid in Russia.

Such deduction in either case shall not, however, exceed that part of the income tax or capital tax, as computed before the deduction is given, which is attributable, as the case may be, to the income or the capital which may be taxed in Russia.

Article 24
Non-Discrimination

1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected.
2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities.

This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

3. Except where the provisions of paragraph 1 of Article 9, paragraph 5 of Article 11, or paragraph 4 of Article 12 of this Convention apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they have been paid to a resident of the first-mentioned State.

4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned State, are or may be subjected.

5. The provisions of this Article shall apply only to the taxes covered by Article 2 of this Convention.

Article 25 **Mutual Agreement Procedure**

1. Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, address to the competent authority of the Contracting State of which he is a resident an application in writing stating the grounds for claiming the revision of such taxation. To be admissible, the said application must be submitted within three years from the first notification of the action which gives rise to taxation not in accordance with the Convention.

2. The competent authority referred to in paragraph 1 shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation not in accordance with the Convention.

3. A Contracting State shall not, after the expiry of the time limits provided in its national laws and, in any case, after five years from the end of the taxable

period in which the income concerned has accrued, increase the tax base of a resident of either of the Contracting States by including therein items of income which have also been charged to tax in the other Contracting State. This paragraph shall not apply in the case of fraud, wilful default or neglect.

4. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention.

5. The competent authorities of the Contracting States may consult together for the elimination of double taxation in cases not provided for in the Convention and may communicate with each other directly for the purpose of applying the Convention.

Article 26 **Exchange of Information**

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the Contracting States concerning taxes covered by the Convention insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Article 1. Any information received by a Contracting State shall be treated as confidential 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) involved in the assessment or collection of, the enforcement in respect of, or the determination of appeals in relation to, the taxes covered by the Convention. 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.

2. Nothing in paragraph 1 shall be construed so as to impose on a Contracting State the obligation:

- a) to carry out administrative measures at variance with the laws or the administrative practice of that or of the other Contracting State;
- b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;

- c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy (ordre public).

3. If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall endeavour to obtain the information to which the request relates in the same way as if its own taxation was involved notwithstanding the fact that the other State does not, at that time, need such information. If specifically requested by the competent authority of a Contracting State, the competent authority of the other Contracting State shall endeavour to provide information under this Article in the form requested, such as depositions of witnesses and copies of unedited original documents (including books, papers, statements, records, accounts or writings), to the same extent such depositions and documents can be obtained under the laws and administrative practices of that other State with respect to its own taxes.

Article 27

Members of Diplomatic Missions and Consular Posts

Nothing in this Convention shall affect the fiscal privileges of members of diplomatic missions or consular posts under the rules of general international law or under the provisions of special convention.

Article 28

Entry into Force

1. Both Contracting States shall notify each other that the internal procedures necessary for the entry into force of this Convention have been complied with.

2. The Convention shall enter into force the day after the date of the later of the notifications referred to in paragraph 1 and its provisions shall have effect in both Contracting States:

- a) in respect of taxes withheld at source, on income derived on or after the first of January in the calendar year next following the year in which the Convention enters into force;
- b) in respect of other taxes on income, and taxes on capital and, in the case of Argentina, taxes on assets, for taxes chargeable for any tax

year beginning on or after the first of January in the calendar year next following the year in which the Convention enters into force.

Article 29 Termination

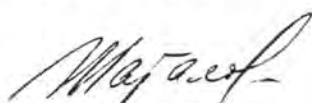
This Convention shall remain in force until terminated by one of the Contracting States. Either Contracting State may terminate the Convention, through diplomatic channels, by giving a writing note of termination after the period of five years from the date on which the Convention enters into force. In such event, the Convention shall cease to have effect in both Contracting States:

- a) in respect of taxes withheld at source, on income derived on or after the first of January in the calendar year next following the year in which the notice is given;
- b) in respect of other taxes on income, taxes on capital and, in the case of Argentina, taxes on assets, for taxes chargeable for any tax year beginning on or after the first of January in the calendar year next following in which the notice is given.

IN WITNESS WHEREOF the undersigned, duly authorised to that effect, have signed this Convention.

DONE at Buenos Aires, on the 10th of October of 2001, in two originals, each in Russian, Spanish and English languages, all three texts being equally authentic. In case of divergence between the texts, the English text shall be the operative one.

**FOR THE GOVERNMENT OF
THE RUSSIAN FEDERATION**



**FOR THE GOVERNMENT OF
THE ARGENTINE REPUBLIC**



PROTOCOL

At the moment of signing the Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital, this day concluded between the Russian Federation and the Argentine Republic, the undersigned have agreed upon the following provisions which shall be an integral part of the Convention.

1. Ad Article 5, paragraph 2 f):

The term "natural resources " means any natural resources as defined in the law of the Contracting State, in which such resources are located.

2. Ad Article 7:

a) as regards paragraph 3, it is understood that nothing contained therein shall require a Contracting State to allow the total deduction of certain expenses when they are limited in some way in the determination of profits under its internal tax legislation or to allow the deduction of any expenditure which, by reason of its nature, is not generally allowed as a deduction under the taxation laws of that State;

b) as regards paragraph 5, the activities of export of goods or merchandise purchased by an enterprise shall, notwithstanding the provisions of subparagraph d) of 4 of Article 5 of the Convention, constitute of itself a permanent establishment of that enterprise.

3. Ad Article 11:

It is understood that the provisions of the Convention shall not be interpreted so as to prevent the application by a Contracting State of the "thin capitalization" provisions provided for in its internal legislation.

4. Ad Article 12:

a) the limitations on the taxation at source provided for under paragraph 2 are, in the case of Argentina, subject to the registration requirements provided for in its internal legislation;

b) the limitations provided for in paragraph 2 on the taxation at source of royalties with respect to the use of, or the right to use, any copyright of literary,

dramatic, musical or other artistic work, shall apply only if the royalties are derived by the author himself or his descendants;

c) with respect to paragraph 3, the term "royalties" may also include payments received as a consideration for the use of, or the right to use, news and information provided by international agency offices.

5. Ad Article 23,

Tax payable in Argentina by a company which is a resident of a Russia in respect of profits attributable to business carried on by it in Argentina shall be deemed to include any amount which would have been payable as Argentine tax for any year but for an exemption from, or reduction of, tax granted for that year or any part of that year or any part of thereof under:

a) the Law 19.640 and 24.196 including the Laws 23.614 and 22.021 (and the Laws that have extended the benefits provided by the Law 22.021 to other provinces than those originally covered by the last mentioned Law), as modified by the Law 23.658 (as amended from time to time without affecting the general principle thereof); or

b) any other provision which may be enacted after the date of signature of the Agreement allowing the deduction in ascertaining of the taxable income or granting an exemption from, or reduction of, tax which is agreed by the competent authorities of the Contracting States to be for the purpose of promoting economic development in Argentina for a limited period of time (as amended from time to time without affecting the general principle thereof).

For the purpose of application of this provision the competent authorities will consult each other in the cases where they consider it necessary.

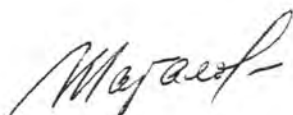
6. The competent authority of a Contracting State may, upon reaching mutual agreement with the competent authority of the other Contracting State, deny the benefits of this Convention to any person, or with respect to any transaction, if in its opinion the granting of those benefits would constitute an abuse of the Convention according to its purposes.

7. Nothing contained in this Convention shall prevent a Contracting State from imposing on the profits or income attributable to a permanent establishment in that Contracting State of a company which is a resident of the other Contracting State a branch tax.

IN WITNESS WHEREOF the undersigned, duly authorised to that effect, have signed this Convention.

DONE at Buenos Aires, on the 10th of October of 2001, in two originals, each in Russian, Spanish and English languages, all three texts being equally authentic. In case of divergence between the texts, the English text shall be the operative one.

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