SYNTHESISED TEXT OF THE MLI AND THE CONVENTION BETWEEN THE ARAB REPUBLIC OF EGYPT AND THE FRENCH REPUBLIC FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

General disclaimer on the Synthesised text document

This comprehensive document (the "Document") of the companied text of the Multilateral Convention promulgated by Presidential Decree No. 446 of 2020 and the Agreement on Avoidance of Double Taxation and Prevention of Tax Evasion with regard to Income and on Capital Taxes between the Governments of the Arab Republic of Egypt and the French Republic and published in the Official Gazette No. 43 on 28/10/1982 and amended in the publication in the Official Gazette No.24 on 10/6/2004 (" Agreement"), is only a guiding text translated from the French language text of the Agreement, bearing in mind that that Arabic and French versions of the Agreement have the same authenticity, without any responsibility on the authority that issued those texts.

With regard to the Agreement, it should be noted the Official Gazette did not include a translation of subparagraph (h) of paragraph (2) of Article (5), nor did it include part of paragraph (2) of Article (24), and therefore this document completes the deficiency in the published Agreement. In Official Gazette by submitting a guide text translated into English from French version of the Agreement. Although both the Arabic and French versions of the Agreement are equally authentic.

This document presents the synthesised text for the application of the Convention between the Arab Republic of Egypt and the French Republic with respect to Taxes on Income and on Capital signed on 19 June 1980 which amended by addendum signed on 1 May 1999 (the "Convention"), as modified by the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting signed by Egypt on 7 June 2017 and France on 7 June 2017 (the "MLI").

The document was prepared on the basis of the MLI position of Egypt submitted to the Depositary upon ratification on 30 September 2020 and of the MLI position of French submitted to the Depositary upon ratification on 26 September 2018. These MLI positions are subject to modifications as provided in the MLI. Modifications made to MLI positions could modify the effects of the MLI on the Convention.

The authentic legal texts of the Convention and the MLI take precedence and remain the legal texts applicable.

The provisions of the MLI that are applicable with respect to the provisions of the Convention are included in boxes throughout the text of this document in the context of the relevant provisions of the Convention. The boxes containing the provisions of the MLI have generally been inserted in accordance with the ordering of the provisions of the 2017 OECD Model Tax Convention.

Changes to the text of the provisions of the MLI have been made to conform the terminology used in the MLI to the terminology used in the Convention (such as "Covered Tax Agreement" and

"Convention"/" Agreement", "Contracting Jurisdictions" and "Contracting States"), to ease the comprehension of the provisions of the MLI. The changes in terminology are intended to increase the readability of the document and are not intended to change the substance of the provisions of the MLI. Similarly, changes have been made to parts of provisions of the MLI that describe existing provisions of the Convention: descriptive language has been replaced by legal references of the existing provisions to ease the readability.

In all cases, references made to the provisions of the Convention or to the Convention must be understood as referring to the Convention as modified by the provisions of the MLI, provided such provisions of the MLI have taken effect.

ReferencesThe authentic legal texts of the MLI and the Convention can be found [www.eta.gov.eg]

Disclaimer on the entry into effect of the provisions of the MLI

The provisions of the MLI applicable to this Convention do not take effect on the same dates as the original provisions of the Convention. Each of provisions of the MLI could take effect on different dates, depending on the types of taxes involved (taxes withheld at source or other taxes levied) and on the choices made by the Arab Republic of Egypt and the French Republic in their MLI positions.

Dates of the deposit of instruments of ratification, acceptance or approval: 30 September 2020 for Egypt and 26 September 2018 for French.

Entry into force of the MLI: 1 January 2021 for Egypt and 1 January 2019 for French and has effect as follows:

(a) The provisions of the MLI shall have effect in each Contracting State with respect to the *Convention*:

(i) with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 January 2021; and

(ii) with respect to all other taxes levied by that Contracting State, for taxes levied with respect to taxable periods beginning on or after 1 July 2021.

(b) Notwithstanding (a), Article 16 (Mutual Agreement Procedure) of the MLI shall has effect with respect to this Convention for a case presented to the competent authority of a Contracting State on or after 1 January 2021, except for cases that were not eligible to be presented as of that date under this Convention prior to its modification by the MLI, without regard to the taxable period to which the case relates.

CONVENTION BETWEEN

THE GOVERNMENT OF THE GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT AND THE FRENCH REPUBLIC FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND CAPITAL

PREAMBLE

[MODIFIED by paragraph 3.6.2. of Article 6 (3) of the MLI]
The Government of the Arab Republic of Egypt and The Government of the French Republic,

~~[Desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital,]~~

The following paragraph 1 and paragraph 3 of Article 6 of the MLI {replace the text referring to intent to eliminate double taxation in the preamble of this Convention:}

ARTICLE 6 OF THE MLI – PURPOSE OF A COVERED TAX AGREEMENT

Desiring to further develop their economic relationship and to enhance their co-operation in tax matters,

Intending to eliminate double taxation with respect to the taxes covered by [this Convention] without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in [the Convention] for the indirect benefit of residents of third jurisdictions),

Have agreed as follows:

ARTICLE 1

PERSONAL SCOPE

This Convention shall apply to persons who are residents of one or both of the States.

ARTICLE 2

TAXES COVERED

1. This Convention shall apply to taxes on income and on capital imposed on behalf of a 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 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 Convention shall apply are in particular

(a): in France:

(i) the income tax (l'impôt sur le revenu);

(ii) the corporation tax (l'impôt sur les sociétés);

(iii) the tax on salaries (la taxe sur les salaires) governed by the provisions of the Convention applicable, as the case may be, to business profits or to income from independent personal services; and

(iv) the wealth tax (l'impôt de solidarité sur la fortune)

(hereinafter referred to as "French tax");

(b) in Egypt:

(i) the tax on income derived from immovable property (including the agricultural land tax and the building tax);

(ii) the unified tax on income of individuals laid down in Law No. 157 of 1981, as amended by Law No. 187 of 1993;

(iii) the corporation profits tax;

(iv) the duty for the development of the financial resources of the State laid down in Law No. 147 of 1984, as amended by Law No. 5 of 1986; and

(v) the supplementary duty levied as a percentage of the above-mentioned taxes

(hereinafter referred to as "Egyptian 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 States shall notify each other of important changes which 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 "**Egypt**" means the Arab Republic of Egypt and areas situated outside the territorial waters adjacent to those territorial waters, over which, in accordance with international law, Egypt may exercise sovereign rights with respect to the seabed and subsoil. The term "**France**" means the departments of the French Republic and areas beyond the territorial waters adjacent to those territorial waters, over which, in accordance with international law, France may exercise sovereign rights with respect to the seabed and subsoil;

(b) the term "a State" and "the other State" mean France or Egypt, as the context requires;

(c) the term "person" includes an individual, a company and any other body of person;

(d) the term "company" means anybody corporate or any entity which is treated as a body corporate for tax purposes;

(e) the terms "enterprise of a State" and "enterprise of the other State" mean respectively an enterprise carried on by a resident of a State and an enterprise carried on by a resident of the other State;

(f) the term "tax" means French tax or Egyptian tax, as the context requires;

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

(h) the expression "competent authority" means:

(i) in the case of France, the Minister of the Budget or his authorized representative;

(ii) in the case of Egypt, the Minister of Finance or his authorized representative.

2. As regards the application of the Convention by a State any term not defined therein shall, unless the conte otherwise requires, have the meaning which it has under the tax laws 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 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 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 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 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 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) premises used as a sales outlet;
    (d) an office;
    (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;
    (h) a farm or plantation.
3. A building site or construction or installation project constitutes a permanent establishment only if it lasts more than six 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.

The following paragraph 4 of Article 13 of the MLI applies to paragraph {4} of Article {5} of this Convention:

[*Paragraph 4 of Article {5} of the Convention*,] shall not apply to a fixed place of business that is used or maintained by an enterprise if the same enterprise or a closely related enterprise carries on business activities at the same place or at another place in the same [*Contracting State*] and:

a) that place or other place constitutes a permanent establishment for the enterprise or the closely related enterprise under the provisions of [*Article {5} of the Convention*]; or

b) the overall activity resulting from the combination of the activities carried on by the two enterprises at the same place, or by the same enterprise or closely related enterprises at the two places, is not of a preparatory or auxiliary character,

provided that the business activities carried on by the two enterprises at the same place, or by the same enterprise or closely related enterprises at the two places, constitute complementary functions that are part of a cohesive business operation.

5. **[REPLACED by paragraph 1 of Article 12 of the MLI]**[~~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 and has, and habitually exercises, in a 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.~~

The following paragraph 1 of Article 12 of the MLI replaces paragraph {5} of Article {5} of this Convention:

ARTICLE 12 OF THE MLI – ARTIFICIAL AVOIDANCE OF PERMANENT ESTABLISHMENT STATUS THROUGH COMMISSIONNAIRE ARRANGEMENTS AND SIMILAR STRATEGIES

Notwithstanding [*Article {5} of the Convention*], but subject to [*paragraph 2 of Article 12 of the MLI*], where a person is acting in a [*Contracting State*] on behalf of an enterprise and, in doing so, habitually concludes contracts, or habitually plays the principal role leading to the conclusion of contracts that are routinely concluded without material modification by the enterprise, and these contracts are:

a) in the name of the enterprise; or

b) for the transfer of the ownership of, or for the granting of the right to use, property owned by that enterprise or that the enterprise has the right to use; or

c) for the provision of services by that enterprise,

that enterprise shall be deemed to have a permanent establishment in that [*Contracting State*] in respect of any activities which that person undertakes for the enterprise unless these activities, if they were exercised by the enterprise through a fixed place of business of that enterprise situated in that [*Contracting State*], would not cause that fixed place of business to be deemed to constitute a permanent establishment under the definition of permanent establishment included in the provisions of [*Article {5} of the Convention*].

6. **[REPLACED by paragraph 2 of Article 12 of the MLI]**[~~An enterprise shall not be deemed to have a permanent establishment in a 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.~~

The following paragraph 2 of Article 12 of the MLI replaces paragraph {6} of Article {5} of this Convention:

ARTICLE 12 OF THE MLI – ARTIFICIAL AVOIDANCE OF PERMANENT ESTABLISHMENT STATUS THROUGH COMMISSIONNAIRE ARRANGEMENTS AND SIMILAR STRATEGIES

[*Paragraph 1 of Article 12 of the MLI*] shall not apply where the person acting in a [*Contracting State*] on behalf of an enterprise of the other [*Contracting State*] carries on business in the first-mentioned [*Contracting State*] as an independent agent and acts for the enterprise in the ordinary course of that business. Where, however, a person acts exclusively or almost exclusively on behalf of one or more enterprises to which it is closely related, that person shall not be considered to be an independent agent within the meaning of this paragraph with respect to any such enterprise.

7. The fact that a company which is a resident of a State controls or is controlled by a company which is a resident of the other 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.

The following paragraph 1 of Article 15 of the MLI applies to provisions of this Convention:

ARTICLE 15 OF THE MLI – DEFINITION OF A PERSON CLOSELY RELATED TO AN ENTERPRISE

For the purposes of the provisions of [*Article {5} of the Convention*], a person is closely related to an enterprise if, based on all the relevant facts and circumstances, one has control of the other or both are under the control of the same persons or enterprises. In any case, a person shall be considered to be closely related to an enterprise if one possesses directly or indirectly more than 50 per cent of the beneficial interest in the other (or, in the case of a company, more than 50 per cent of the aggregate vote and value of the company's shares or of the beneficial equity interest in the company) or if another person possesses directly or indirectly more than 50 per cent of the beneficial interest (or, in the case of a company, more than 50 per cent of the aggregate vote and value of the company's shares or of the beneficial equity interest in the company) in the person and the enterprise.

ARTICLE 6

INCOME FROM IMMOVABLE PROPERTY

1. Income derived by a resident of a State from immovable property (including income from agriculture or forestry) situated in the other State may be taxed in that other State.

2. The term "immovable property" shall have the meaning which it has under the law of the 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, 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, boats 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.
5. Where the ownership or the usufruct of shares or other rights in a company entitles the owner or the usufructuary to the enjoyment of immovable property situated in a State and held by that company, income derived by the owner or the usufructuary from the direct use, letting, or use in any other form of that right of enjoyment may be taxed in that State notwithstanding the provisions of Articles 7 and 14.

ARTICLE 7

BUSINESS PROFITS

1. The profits of an enterprise of a State shall be taxable only in that State unless the enterprise carries on business in the other State through a permanent establishment situated therein. If the enterprise carries 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 that permanent establishment.
2. Subject to the provisions of paragraph 3, where an enterprise of a State carries on business in the other State through a permanent establishment situated therein, there shall in each 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 as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

4. Insofar as it has been customary in a State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that State from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this Article.
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. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.
7. 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. The Articles of the Convention referred to in this paragraph do not include Article 22.

ARTICLE 8
SHIPPING AND AIR TRANSPORT

1. Profits from the operation of ships or aircraft in international traffic shall be taxable only in the State in which the place of effective management of the enterprise is situated.
2. If the place of effective management of a shipping enterprise is aboard a ship, then it shall be deemed to be situated in the State in which the home harbour of the ship is situated, or, if there is no such home harbour, in the State of which the operator of the ship is a resident.
3. The provisions of paragraph 1 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

ARTICLE 9
ASSOCIATED ENTERPRISES

1. Where
   (a) an enterprise of a State participates directly or indirectly in the management, control or capital of an enterprise of the other State, or
   (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a State and an enterprise of the other 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 profits 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 profits of that enterprise and taxed accordingly.

2. If the information available to the competent authority is insufficient to determine, for the purposes of paragraph 1 of this Article, the profits which might have been made by an enterprise, no provision of this paragraph shall affect the application of the law of either State concerning the obligation of such enterprise to pay tax on an amount estimated by the competent authority of that State, provided that such an estimate is made in accordance with the principles stated in this paragraph, and that the amount so determined or the estimate so made may be amended or revised when adequate information is furnished to the competent authority concerned.

ARTICLE 10

DIVIDENDS

1. Dividends paid by a company which is a resident of a State to a beneficial owner who is a resident of the other State shall be taxable only in that other State. This provision shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.
2. A resident of Egypt who receives dividends paid by a company resident in France may obtain a refund of the prepayment (précompte) effectively paid by the company on account of such dividends. The gross amount of the prepayment refunded is considered a dividend for the purposes of this Convention.
3. The term "dividends" as used in this Article means income from shares, "jouissance" shares or "jouissance" rights, mining shares, founders' shares or other rights, not being debt-claims, participating in profits, as well as income which is subjected to the treatment of distributions by the laws of the State of which the company making the distribution is a resident. It is understood that the term "dividends" does not include income referred to in Article 16.
4. The provisions of paragraph 1 shall not apply if the beneficial owner of the dividends, being a resident of a State, carries on business in the other 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 State derives profits or income from the other 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 the company's 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 State and paid to a resident of the other State may be taxed in that other State.
2. However, such interest may also be taxed in the 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% of the gross amount of the interest.
3. Notwithstanding the provisions of paragraph 2, interest pertaining to loans guaranteed by mortgage on immovable property are taxable in the State where that property is located and according to the law of that State.
4. Notwithstanding the provisions of paragraph 2, interest arising in a State shall be exempt from taxation in that State if the recipient, being the beneficial owner of the interest, is:

   (a) the other State, or a public body of that State whose income is not taxable in that State; or

   (b) a resident of the other State if such interest is paid in respect of any loan granted, guaranteed or assumed by that other State or by one of its public bodies, directly or, in the case of France, by the intermediary of the Compagnie Française d'Assurance du Commerce Extérieur (COFACE), or, in the case of Egypt, by the intermediary of any Egyptian equivalent of the COFACE.
5. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures.
6. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a State, carries on business in the other 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.

7. Interest shall be deemed to arise in a State when the payer is that State itself, a political subdivision, a local authority, a public body or a resident of that State. Where, however, the person paying the interest, whether he is a resident of a State or not, has in a 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.

8. 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 State, due regard being had to the other provisions of this Convention

ARTICLE 12
ROYALTIES

1. Royalties arising in a State and paid to a resident of the other State shall be taxable in that other State.
2. However, such royalties may also be taxed in the State in which they arise and according to the laws of that State, but if the beneficial owner of the royalties is a resident of the other State, the tax so charged shall not exceed 15% 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, artistic or scientific work including cinematograph films and works recorded for radio or television broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial, or scientific equipment, or for information concerning industrial, commercial or scientific experience.
4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a State, carries on business in the other 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 State when the payer is that State itself, a political subdivision, a local authority, a public body or a resident of that State. When, however, the person paying the royalties, whether he is a resident of a State or not, has in the other State a permanent establishment or fixed base with which the right or property giving rise to the royalties is effectively connected, and such royalties are borne by such a 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 State, due regard being had to the other provisions of this Convention.

ARTICLE 13

CAPITAL GAINS

1. Gains derived by a resident of a State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in that other State. **[REPLACED by paragraph 4 of Article 9 of the MLI]** [~~Gains from the alienation of shares or other rights in a company, a trust or any similar institution, the assets of which consist principally -- directly or through the interposition of one or more other companies, trusts or similar institutions -- of immovable property referred to in Article 6 and situated in a State or of rights connected with such immovable property may be taxed in that State.~~

The following paragraph 4 of Article 9 of the MLI replaces the second sentence of paragraph {1} of Article {13} of this Convention:

ARTICLE 9 OF THE MLI – CAPITAL GAINS FROM ALIENATION OF SHARES OR INTERESTS OF ENTITIES DERIVING THEIR VALUE PRINCIPALLY FROM IMMOVABLE PROPERTY

For purposes of [*the Convention*], gains derived by a resident of a [*Contracting State*] from the alienation of shares or comparable interests, such as interests in a partnership or trust, may be taxed in the other [*Contracting State*] if, at any time during the 365 days preceding the alienation, these shares or comparable interests derived more than 50 per cent of their value directly or indirectly from immovable property (real property) situated in that other [*Contracting State*].

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a State has in the other State or of movable property pertaining to a fixed base available to a resident of a State in the other State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such a fixed base, may be taxed in that other State.
3. Gains from the alienation of ships or aircraft operated in international traffic, or movable property pertaining to the operation of such ships or aircraft, shall be taxable only in the State in which the place of effective management of the enterprise is situated.
4. Gains from the alienation of any property other than that referred to in paragraphs 1, 2 and 3 shall be taxable only in the 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 State in respect of professional services or other activities of an independent character shall be taxable in that State. The income may also be taxed in the other State if:
    (a) the individual is present in that other State for a period or periods exceeding in the aggregate 183 days in the tax year concerned, but only so much thereof as is attributable to services performed in that State; or
    (b) the individual has a fixed base regularly available to him in that other State for the purpose of performing his activities, but only so much thereof as is attributable to services performed in that State.
2. The term "professional services" includes especially independent scientific, literary, artistic, educational, sporting 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 and 19, salaries, wages and other similar remuneration derived by a resident of a State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other 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 State in respect of an employment exercised in the other 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 fiscal year concerned; and
   (b) the remuneration is paid by, or on behalf of, an employer 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 employer 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 may be taxed in the State in which the place of effective management of the enterprise is situated.

ARTICLE 16

DIRECTORS' FEES

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

ARTICLE 17

ARTISTES AND ATHLETES

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

2. Where income in respect of personal activities exercised by an entertainer or an athlete in his capacity as such accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the State in which the activities of the entertainer or athlete are exercised.
3. Notwithstanding the provisions of paragraph 1, remuneration, profits, wages, salaries and other similar income derived by an entertainer or athlete who is a resident of a State from personal services performed by him as such in the other State may only be taxed in the first-mentioned State when such activities in the other State are substantially financed by public funds of the first-mentioned State, of one of its political subdivisions or local authorities, or of one of its public bodies.
4. Notwithstanding the provisions of paragraph 2, where income in respect of personal activities exercised by an entertainer or athlete in his capacity as such in a State accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, only be taxed in the other State, when that other person is substantially financed by public funds of the other State, or of one of its political subdivisions or local authorities or of its public bodies, or where this person is a non-profit organization of the other State.

ARTICLE 18
PENSIONS AND ANNUITIES

1. Subject to the provisions of paragraph 2 of Article 19, pensions and other similar remuneration paid to a resident of a State in consideration of past employment and annuities paid to a resident of a State shall be taxable only in that State.
2. Notwithstanding the provisions of paragraph 1, pensions and other sums payable in accordance with the social security law of a State are taxable only in that State.
3. The term "annuity" means a stated sum payable periodically at stated times during life or during a 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 SERVICES

1. Remuneration, other than a pension, paid by a State or a political subdivision or a local authority or a public body thereof to an individual in respect of services rendered to that State or subdivision or authority or a public body shall be taxable only in that State.
2. Any pension paid by, or out of funds created by, a State or a political subdivision or a local authority or a public body thereof to an individual in respect of services rendered to that State or subdivision or authority or public body shall be taxable only in that State.

The provisions of Articles 15, 16 and 18 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by a State or a subdivision or a local authority or a public body thereof.

ARTICLE 20
STUDENTS

1. Payments which a student or business apprentice who is or was immediately before visiting a State a resident of the other 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 that State.
2. Notwithstanding the provisions of Articles 14 and 15 remuneration received by a student or business apprentice who is or was immediately before visiting a State a resident of the other State and who is present in the first-mentioned State solely for the purpose of his education or training shall not be taxable in the first- mentioned State for services performed in the first-mentioned State provided that such services are connected with his study or his training or that the remuneration of such services is necessary to supplement the resources at his disposal for his maintenance.

ARTICLE 21

PROFESSORS AND RESEARCHERS

1. Remuneration received by a professor or researcher who is or was immediately before visiting a State a resident of the other State and who is present in the first-mentioned State solely for the purpose of teaching or of extending his research in respect of such activities shall not be taxable in the first-mentioned State for a period not exceeding two years from the date on which he began to carry out such activities in that State.
2. The provisions of paragraph 1 shall not apply to remuneration received in respect of the performance of research activities undertaken not in the public interest but primarily for the purpose of realising a particular benefit that accrues to one or certain determined persons.

ARTICLE 22

OTHER INCOME

Items of income not dealt with in the foregoing Articles of this Convention shall be taxable in each State, in accordance with the laws of that State.

ARTICLE 23

CAPITAL

1. Capital represented by immovable property referred to in Article 6, owned by a resident of a State and situated in the other State, may be taxed in that other State.
2. Capital represented by movable property forming part of the business property of a permanent establishment which an enterprise of a State has in the other State or by movable property pertaining to a fixed base available to a resident of a State in the other State for the purpose of performing independent personal services, may be taxed in that other State.

   Capital represented by ships and aircraft operated in international traffic, and by movable property pertaining.
3. the operation of such ships and aircraft shall be taxable only in the State in which the place of effective management of the enterprise is situated.
4. All other elements of capital of a resident of a State shall be taxable in each State in accordance with the laws of that State.

ARTICLE 24

METHODS FOR ELIMINATION OF DOUBLE TAXATION

Double taxation shall be avoided in the following manner:

1. With regard to Egypt:

(a) Items of income and capital not mentioned in sub-paragraph (b) below are exempt from the Egyptian taxes mentioned in sub-paragraph (b) of paragraph 3 of Article 2, when this income or capital is taxable in France pursuant to this Convention.

(b) Items of income and capital mentioned in Articles 10, 11, 12, 13 (paragraph 4), 14, 16, 17, 22 and 23 (paragraph 4) arising in France may be taxed in Egypt, in accordance with the provisions of these articles, on their gross amounts. The French tax paid on such income (excluding, in the case of dividends, tax payable in respect of profits out of which the dividend is paid) or such capital entitles residents of Egypt to a tax credit equal to the amount of French tax paid but not exceeding the amount of Egyptian tax relating to that income or capital. Such credit shall be allowed against the taxes mentioned in sub- paragraph (b) of paragraph 3 of Article 2, in the bases of which such income is included.

(c) Notwithstanding the provisions of sub-paragraphs (a) and (b) the Egyptian tax may be calculated on income and capital chargeable in Egypt under this Convention at the rate appropriate to the total of income or capital chargeable in accordance with Egyptian law.

2. In France double taxation shall be avoided in the following manner:

(1) (a)Notwithstanding any other provision of this Convention, income which may be taxed or shall be taxable only in Egypt in accordance with the provisions of the Convention and which constitutes taxable income of a resident of France shall be taken into account for the computation of the French tax where the beneficiary of such income is a resident of France and where such income is not exempted from the corporation tax according to French domestic law. In that case, the Egyptian tax shall not be deductible from such income, but the resident of France shall, subject to the conditions and limits provided for in sub-paragraph (i) and (ii), be entitled to a tax credit against French tax. Such tax credit shall be equal:

(i) in the case of income other than that mentioned in sub-paragraph (ii), to the amount of French tax attributable to such income provided that the beneficiary is subject to Egyptian tax in respect of such income;

(ii) in the case of income referred to in paragraph 5 of Article 6, Articles 7, 11 and 12, paragraph 1 of

Article 13, Article 14, paragraph 3 of Article 15, Article 16, paragraphs 1 and 2 of Article 17 and Article 22, to the amount of tax paid in Egypt in accordance with the provisions of those Articles; however, such tax credit shall not exceed the amount of French tax attributable to such income.

(b)As regards the application of sub-paragraph (a) to income referred to in Articles 11 and 12, where the amount of tax paid in Egypt in accordance with the provisions of those Articles exceeds the amount of French tax attributable to such income, the resident of France who is the beneficiary of such income may present his case to the French competent authority. If it appears to it that such a situation results in taxation which is not comparable to taxation on net income, that competent authority may, under the conditions it determines, allow the non-credited amount of tax paid in Egypt as a deduction from the French tax levied on other income from foreign sources derived by that resident.

(c)A resident of France who owns capital which may be taxed in Egypt in accordance with the provisions of paragraphs 1 or 2 of Article 23 may also be taxed in France in respect of such capital. The French tax shall be computed by allowing a tax credit equal to the amount of the tax paid in Egypt on such capital. However, such tax credit shall not exceed the amount of French tax attributable to such capital.

(d) It is understood that the term "amount of French tax attributable to such income" as used in sub-paragraphs (a) and (b) means:

(i) where the tax on such income is computed by applying a proportional rate, the amount of the net income concerned multiplied by the rate which actually applies to that income;

(ii) where the tax on such income is computed by applying a progressive scale, the amount of the net income concerned multiplied by the rate resulting from the ratio of the tax actually payable on the total net income taxable in accordance with French law to the amount of that total net income.

This interpretation shall apply by analogy to the term "amount of French tax attributable to such capital" as used in sub-paragraph (c).

(2) It is understood that the term "amount of tax paid in Egypt" as used in sub-paragraphs (a), (b) and (c) means the amount of Egyptian tax effectively and definitively borne in respect of the items of income or capital in question, in accordance with the provisions of the Convention, by the resident of France who is the beneficiary of such items of income or owns such elements of capital.

(3) However, as regards income from agriculture or industry, the term "amount of tax paid in Egypt" as used in sub-paragraph (a) shall be deemed to include the Egyptian tax which would have been payable under Egyptian laws concerning taxation of income and subject to the provisions of the Convention, but for the tax exemptions or reductions -- in force on the date of signature of the Protocol to the Convention, signed on 1 May 1999 between Mr. Jacques Dondoux, attached to the Minister of Economy, Finance and Industry in charge of the foreign trade of the French Republic, and Dr Mohei Eldin Elghareeb, Minister of Finance of the Arab Republic of Egypt -- provided for in paragraphs 1, 5, 6, 7 and 8 of Article 120 of Law No. 157 of 1981 concerning taxation of income, paragraphs 1, 2 and 3 of Article 36 of Law No. 187 of 1993 containing modifications to certain provisions of Law No. 157 of 1981 and in Articles 1 to 28 of Law No. 8 of 1997 concerning guarantees and incentives for investment. The provisions of the preceding sentence shall only apply until 31 December 2009. This period may be extended by an agreement of the competent authorities of the Contracting States.

ARTICLE 25
NON-DISCRIMINATION

1. Nationals of a State shall not be subjected in the other State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected. This provision shall, notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the States. It is understood that an individual, legal person, partnership or an association which is a resident of a State shall not be deemed to be in the same circumstances as an individual, legal person, partnership or association which is not a resident of that State, even if, in the case of legal persons, partnerships or associations, such entities are, in applying the provisions of paragraph 2, deemed to be nationals of the State of which they are residents.

2. The term "nationals" means:
   (a) all individuals possessing the nationality of a State;
   (b) all legal persons, partnerships and associations deriving their status as such from the laws in force in a State.

3. Stateless persons who are residents of a State shall not be subjected in the other State to any taxation or any requirement connected therewith, which is other or more burdensome that the taxation and connected requirements to which nationals of that State in the same circumstances are or may be subjected.
4. The taxation on a permanent establishment which an enterprise of a State has in the other 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 State to grant to residents of the other 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.
5. Except where the provisions of Article 9, paragraph 7 of Article 11 or paragraph 7 of Article 12 apply, interest, royalties and other disbursements paid by an enterprise of a State to a resident of the other State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State. Similarly, any debts of an enterprise of a State to a resident of the other State shall, for the purpose of determining the taxable capital of such enterprise, be deductible under the same conditions as if they had been contracted to a resident of the first-mentioned State.
6. Enterprises of a State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other State, shall not be subjected in the first-mentioned Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of that first-mentioned State are or may be subjected.
7. (a)With respect to **Egypt**, nothing in this Article shall be considered to affect the application in Egypt of paragraphs 1 and 2 of Article 11 of Law No. 14 of 1939 and the exemptions applicable in Egypt by virtue of Articles 5 and 6 of Law No. 14 of 1939

   (b)With respect to **France**:

   (i) nothing in paragraph 1 shall be interpreted as preventing France from granting only to persons possessing French nationality the advantage of exemption of gains derived from the sale of properties or parts thereof forming the residence in France of French citizens who are not domiciled in France, as provided in Article 150c of the Code General des Impôts, and

   (ii) nothing in paragraph 5 shall be interpreted as preventing France from applying the provisions of Article 212 of the Code General des Impôts with respect to interest paid

by a French company to a foreign parent company.

8. The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description.

9. Any non-discrimination clause or most-favoured nation clause contained in any treaty, agreement or convention concluded between the two States, other than this Convention, shall not apply in tax matters.

ARTICLE 26

MUTUAL AGREEMENT PROCEDURE

1. **[The first sentence of paragraph 1 of Article 26 of this Convention is REPLACED by paragraph 1 of Article 16 of the MLI]** [~~Where a person considers that the actions of one or both of the 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, present his case to the competent authority of the State of which he is a resident or, if his case comes under paragraph 1 of Article 25, to that of the State of which he is a national~~.]

The following first sentence of paragraph 1 of Article 16 of the MLI replaces the {first sentence} of paragraph {1} of Article {26} of this Convention:

ARTICLE 16 OF THE MLI – MUTUAL AGREEMENT PROCEDURE

Where a person considers that the actions of one or both of the [*Contracting States*] result or will result for that person in taxation not in accordance with the provisions of [*this Convention*], that person may, irrespective of the remedies provided by the domestic law of those [*Contracting States*], present the case to the competent authority of either [*Contracting State*].

The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Convention.

2. The competent authority 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 State, with a view to the avoidance of taxation not in accordance with the Convention. Any agreement reached shall be implemented notwithstanding any time limits in the domestic laws of the States.

3. ~~The competent authorities of the two States shall endeavour to resolve by mutual agreement any difficulties arising as to the application of the Convention.~~

The following first sentence of paragraph 3 of Article 16 of the MLI applies to this Convention:

ARTICLE 16 OF THE MLI – MUTUAL AGREEMENT PROCEDURE

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*]

They may also in particular consult together to reach an agreement:

(a) by which profits attributable to a permanent establishment which is situated in a State and which belongs to an enterprise of the other State shall be attributed in an identical way in both States;

(b) by which income accruing to a resident of a Contracting State and to an associated person referred to in Article 9 which is a resident of the other State shall be allocated in an identical way.

They may also consult together for the elimination of double taxation in cases not provided for in the Convention.

4. The competent authorities of the two States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs. When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take place through a Commission consisting of representatives of the competent authorities of the States.

5. The competent authorities of the States shall by mutual agreement determine the rules for the application of the Convention, and especially the formalities that residents of a State have to comply with in order to obtain in the other State the reductions and exemptions provided for in the Convention.

ARTICLE 27
EXCHANGE OF INFORMATION

1. The competent authorities of the two States shall exchange such information as is necessary for the carrying out the provisions of this Convention or of the domestic laws of these 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 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) involved in the assessment or collection of, the enforcement or prosecution 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. In no case shall the provisions of paragraph 1 be construed so as to impose on a State the obligation:
   (a)to carry out administrative measures at variance with the laws or the administrative practice of that or of the other 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 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).

ARTICLE 28
DIPLOMATIC AGENTS AND CONSULAR OFFICERS

1. Nothing in this Convention shall affect the fiscal privileges of members of diplomatic or consular missions under the general rules of international law or under the provisions of special agreements.
2. Notwithstanding the provisions of Article 4, any individual who is a member of a diplomatic or consular mission that is situated in the other State or in a third State shall, for the purposes of this Convention, be considered as resident of the sending State, provided:
   (a)that he, in accordance with international law, shall not be subjected in the State in which he is accredited to tax on income from sources outside that State or on capital situated outside that State;
   (b)that he is subject in the sending State to the same obligations as regards taxation of total income, or capital, on a world-wide basis, as are the residents of that State.
3. The Convention shall not apply to international organizations, their agencies and officials, nor to persons who are members of a diplomatic or consular mission when they stay in the territory of a State and are not treated as residents in one or the other State as regards taxes on income and capital.

ARTICLE

PREVENTION OF TREATY ABUSE

The following paragraph 1 of Article 7 of the MLI applies and supersedes the provisions of this Convention:

ARTICLE 7 OF THE MLI –PREVENTION OF TREATY ABUSE
(Principal purposes test provision)

Notwithstanding any provisions of [*the Convention*], a benefit under [*the Convention*] shall not be granted in respect of an item of income or capital if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of [*the Convention*].

ARTICLE 29

ENTRY INTO FORCE

1. Each State shall notify the other of the fulfillment of the procedure required by its legislation for the entry into force of this Convention. It shall enter into force on the first day of the second month after that during which the latter of those notifications is given.

2. Its provisions shall apply for the first time:
   (a) in the case of taxes paid by means of withholding at source, to amounts payable as of the day of the entry into force of the Convention;
   (b) in the case of other taxes on income, to elements of income that are taxable in the calendar year in which the Convention has entered into force or to a financial year ending in the course of this year.

3. The Exchange of Letters of 5 September 1968 between the Government of the French Republic and the Government of the Arab Republic of Egypt concerning reciprocal exemption of taxes on income derived from international air transport and the Agreement of 15 July 1979 concluded by those governments concerning reciprocal exclusion of income derived from shipping shall be suspended for the period this Convention is in effect.

ARTICLE 30

TERMINATION

1. This Convention shall remain in force for an unlimited period. However, after the fifth year following the year of entry into force, either State may terminate the Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year.

2. In such event, its provisions shall apply for the last time:
   (a) in the case of taxes paid by means of withholding at source, to amounts payable not later than December 31 of the calendar year at the end of which notice of termination is to take effect;
   (b) in the case of other taxes on income, to elements of income that are taxable in the calendar year at the end of which notice of termination is to take effect or attributable to financial years ending in the course of that year.

In witness whereof the undersigned, duly authorized thereto, have signed this Convention.

Done at Paris on 19 June 1980, in duplicate, in the French and Arab languages, both texts being equally authentic.

PROTOCOL

At the moment of signature of the Convention between the French Republic and the Government of the Arab Republic of Egypt for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, the undersigned have agreed on the following provisions.

Article I

With respect to paragraphs 1 and 2 of Article 7, where an enterprise of a State sells merchandise or carries on an activity in the other State by means of a permanent establishment situated there, the profits of that permanent establishment shall not be calculated on the base of the gross amount received by the enterprise but shall be calculated only on the base of the profit attributable to the real activities of the permanent establishment for such sales or for such activities.

In the case of contracts for outfitting, for installation or for construction of equipment or of industrial, commercial or scientific establishments, or of public works, where the enterprise has a permanent establishment, the profits of such permanent establishment shall not be determined on the base of the total amount of the contract, but shall be determined only on the base of the part of the contract that is effectively carried out by that permanent establishment in the State where this permanent establishment is situated. The profits relating to the part of the contract that is carried out by the seat of the enterprise shall only be taxable in the State where that enterprise is resident.

In applying the preceding paragraphs, when the contract does not state a specific price for furnishing of equipment on the one hand, and installation or construction on the other hand:

--if the enterprise makes a contractual allocation of the total price between these two categories of operation, that allocation shall be accepted by the tax administrations, except in case of fraud;

--if the enterprise does not make such an allocation, the total contract shall be considered the operation of the permanent establishment. The cost of outfitting for the establishment shall, of course, be accepted as a deduction in calculating its profits.

The practical problems which may arise through the application of the above solutions, particularly with respect to determining the cost of outfitting, shall be examined in the framework of the mutual agreement procedure and exchange of information discussed in Articles 26 and 27.

Article II

For practical reasons, it is agreed that remuneration pertaining to contracts for studies and consultancy services shall be taxed as if they were royalties, in accordance with the rules laid down in Article 12. However, the tax levied in the country from which the remuneration is paid shall not exceed 10% of the gross amount. Moreover, where more favorable treatment is granted for such remuneration by one of the States in a tax convention concluded with a third State, this treatment shall be extended to the other State.

Article III

This Protocol shall remain in force for as long as the Convention signed today between the Government of the French Republic and the Government of the Arab Republic of Egypt for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital remains in force.

Done at Paris, 19 June 1980, in duplicate, in the French and Arab languages, both texts being equally authentic