

N° 925.

ITALIE
ET TCHÉCOSLOVAQUIE

Convention pour éviter la double imposition et pour régler d'autres questions en matière d'impôts directs, et Protocole final, signée à Rome, le 1^{er} mars 1924.

ITALY
AND CZECHOSLOVAKIA

Convention for the Prevention of Double Taxation and the Settlement of other Questions concerning Direct Taxation, and Final Protocol, signed at Rome, March 1, 1924.

TEXTE ITALIEN. — ITALIAN TEXT.

No. 925. — CONVENZIONE¹ TRA IL REGNO D'ITALIA E LA REPUBBLICA CECOSLOVACCA PER EVITARE LE DOPPIE IMPOSIZIONI E PER REGOLARE ALTRE QUESTIONI IN MATERIA DI IMPOSTE DIRETTE, CON PROTOCOLLO FINALE, FIRMATA A ROMA, IL 1° MARZO 1924.

Italian and Czech official texts communicated by the Italian Minister for Foreign Affairs and by the Permanent Delegate of the Czechoslovak Republic accredited to the League of Nations. The registration of this Convention took place July 14, 1925.

IL PRESIDENTE DELLA REPUBBLICA CECOSLOVACCA e SUA MAESTA IL RE D'ITALIA desiderosi di concludere una Convenzione allo scopo di evitare le doppie imposizioni e di regolare altre questioni in materia di imposte dirette hanno nominato a questo scopo come loro Plenipotenziari :

IL PRESIDENTE DELLA REPUBBLICA CECOSLOVACCA :

il Sig. Vlastimil KYBAL, Inviato straordinario e Ministro plenipotenziario della Repubblica a Roma ;

il Sig. Jan DVOŘÁČEK, Ministro plenipotenziario, Capo della Direzione economica nel Ministero degli Affari Esteri ;

SUA MAESTA IL RE D'ITALIA :

S. Eccellenza Benito MUSSOLINI, Presidente del Consiglio, Ministro dell'Interno e per interim degli Affari Esteri ;

i quali dopo aver scambiati i loro pieni poteri, trovati in buona e debita forma, hanno convenuto quanto segue :

Articolo 1.

L'imposta reale che colpisce il reddito dei beni immobili può essere applicata solamente dallo Stato nel quale questi immobili sono situati, anche quando essi appartengono ai sudditi dell'altro Stato contraente.

Articolo 2.

L'imposta che colpisce il reddito proveniente dall'impiego di capitali mobiliari è applicata dallo Stato ove il creditore ha il suo domicilio, salve però le seguenti eccezioni :

1. L'imposta che colpisce il reddito dei capitali con una garanzia ipotecaria appartiene allo Stato nel quale gli immobili sono situati.

2. L'imposta che colpisce gli interessi dei titoli emessi dallo Stato, dalle Provincie dai Comuni o da altre persone morali regolarmente costituite secondo la legislazione

¹ The exchange of ratifications took place at Rome, January 19, 1925.

¹ TRANSLATION.

No. 925. — CONVENTION BETWEEN ITALY AND CZECHOSLOVAKIA FOR THE PREVENTION OF DOUBLE TAXATION AND THE SETTLEMENT OF OTHER QUESTIONS CONCERNING DIRECT TAXATION, SIGNED AT ROME, MARCH 1, 1924.

The PRESIDENT OF THE CZECHOSLOVAK REPUBLIC and HIS MAJESTY THE KING OF ITALY, desirous of concluding a Convention for the prevention of double taxation and for the settlement of other questions concerning direct taxation, have appointed as their Plenipotentiaries for this purpose :

The PRESIDENT OF THE CZECHOSLOVAK REPUBLIC :

M. Vlastimil KYBAL, Envoy Extraordinary and Minister Plenipotentiary of the Czechoslovak Republic at Rome ;

M. Jan DVOŘÁČEK, Minister Plenipotentiary, Head of the Economic Department, Ministry for Foreign Affairs ;

HIS MAJESTY THE KING OF ITALY :

His Excellency Benito MUSSOLINI, President of the Council, Minister of the Interior and Acting Minister for Foreign Affairs ;

who, having exchanged their full powers, found in good and due form, have agreed as follows :

Article 1.

“ Impersonal ” taxation (*l'imposta reale*) on income derived from immovable property may only be levied by the State in which such property is situated, even if the property belongs to nationals of the other Contracting State.

Article 2.

Taxation on income derived from the employment of capital shall be levied by the State in which the creditor is domiciled, subject, however, to the following exceptions :

(1) The tax on income derived from capital guaranteed by mortgage shall be levied by the State in which the immovable property is situated.

(2) The tax on interest on securities issued by the State, provinces, communes or other corporate bodies (legal persons) regularly constituted according to the internal legislation of the Contracting States, and on interest on securities issued by shareholders' companies, banks, or other credit institutions, shall be levied by the State in which the debtor happens to be.

The rule laid down in the preceding sub-section (2) shall also apply to taxes on interest on saving deposits or money deposited on current account in banks and other credit institutions.

¹ Translated by the Secretariat of the League of Nations.

Should the bank or institution have its head office in one of the Contracting States and one or more branches in the other Contracting State, the part of the tax due from the branches shall belong to the State in which the branches are situated.

Article 3.

Taxation on income derived from work, including income derived from the exercise of the liberal professions, shall be levied by the State in whose territory is carried on the personal occupation from which the income in question is derived.

Taxation on salaries, allowances, pensions, wages and other emoluments paid by the State, provinces, communes or other public corporate bodies, regularly constituted according to the internal legislation of the Contracting States, shall be levied by the State in which the debtor happens to be.

Article 4.

Taxation on income derived from industry or trade of any sort shall be levied by the State in whose territory the industrial or commercial enterprise has its legally recognised headquarters or establishment, even if the undertaking in question extends its activities to the territory of the other Contracting State.

Should the undertaking have its head office or main establishment in one of the Contracting States and one or more establishments in the other, each of the States shall levy taxation on that part of the income which is derived from the activities of the respective establishments.

For the purpose of determining the division of the income, the financial authorities of the States concerned may request the taxpayer to submit general balance-sheets, special balance-sheets and any other documents provided for under the laws of the State in question.

Article 5.

Taxation on life annuities and taxation on every other kind of income not specified in the preceding articles of this Convention shall be levied by the State in which the creditor is domiciled.

Article 6.

Personal taxation imposed on the taxpayer's total income shall be levied by each of the Contracting States according to the following rules :

(1) Income derived from :

(a) immovable property ;

(b) mortgages ;

(c) industry or trade, in so far as such industry or trade is not carried on by shareholders' companies ;

(d) work ;

shall be subject to the rules laid down for those sources of income in the articles referring thereto ;

(2) On other kinds of income, including dividends on shares and interests on securities, taxation shall be levied in the State in which the taxpayer resides.

For the purposes of this provision, the taxpayer shall be held to be resident in the place in which he habitually resides in circumstances which warrant the presumption that he intends to continue to reside therein.

Should the taxpayer have two or more places of residence, the financial authorities of the two Contracting States shall settle by agreement the division of the income in question.

Should the taxpayer possess no residence coming within the above definition, his income may be taxed on the sole basis of the place in which he is staying.

Article 7.

A capital levy may be made in each of the Contracting States on that part of the taxpayer's property which is situated in the territory of the State in question.

In the case of property consisting of :

- (a) immovable property,
- (b) mortgages,
- (c) industrial or commercial enterprises,

the situation of such property in the territory of one of the Contracting States shall, for the purpose of the capital levy, be determined according to the principles laid down in the preceding articles for the taxation of income derived from such property.

In the case of any other kind of movable property, the rules laid down for the tax on total income shall be applicable.

Article 8.

The rules laid down in Article 7 of the present Convention with regard to the capital levy shall also apply to the tax on increased wealth and to the permanent tax if such taxes exist in one of the Contracting States or should they be levied therein in the future.

Article 9.

The financial authorities of the two Contracting States undertake to settle in an equitable manner any other questions which may arise concerning the levying of taxes, as a result either of the different standard dates fixed by the laws of the two States for the capital levy or of the different rules which govern the levying of taxes in each of the two States.

Article 10.

Should it be proved that the action of the financial authorities of the Contracting States has resulted in subjecting the taxpayer to double taxation, the latter may lodge a claim on these grounds against the State of which he is a national, and if this claim is recognised as justified, the financial authorities of the State in question may come to an agreement with the financial authorities of the other State to prevent such double taxation, in an equitable manner.

Article 11.

The High Contracting Parties undertake to assist each other reciprocally in applying and in collecting direct taxes. The rules to which such assistance shall be subject will be laid down in a separate convention.

Article 12.

The diplomatic and consular officials of each of the Contracting States and their attachés, in so far as they are *de carrière* and are nationals of the State which they represent, and provided they do not carry on in the territory of the State to which they are accredited any profession, industry or other remunerative occupation, shall be exempt from all direct taxation except that collected by direct retention or taxation levied on immovable property or on interest on capital invested in the State to which they are accredited.

Article 13.

The present Convention shall take effect :

(1) as regards the capital levy, as from the date of the coming into force of the respective laws introducing such taxation in each of the Contracting States ;

(2) as regards the taxes referred to in Articles 1 to 6, as from January 1, 1925, with respect to taxation for 1925 and future years.

The rules laid down in these articles shall be followed, at the request of one of the Contracting Parties, for the settlement, in an equitable manner, of any dispute with regard to taxation which may still be pending at the time of the coming into force of the present Convention.

Article 14.

The present Convention shall be ratified.

It shall come into force on the day of the exchange of the instruments of ratification, which shall take place at Rome as soon as possible.

Each of the High Contracting Parties may denounce the present Convention, such denunciation to take effect as from the first of January following, provided at least eight months' notice be given.

The present Convention has been drawn up in duplicate in Italian and Czechoslovak. In case of dispute the Italian text shall be authentic, as being in a language with which all the Plenipotentiaries are acquainted.

In faith whereof the above-mentioned Plenipotentiaries have signed the present Convention.

Done at Rome on March 1, 1924.

(L. S.) (Signed) VLASTIMIL KYBAL.

(L. S.) (Signed) JAN DVOŘÁČEK.

(L. S.) (Signed) BENITO MUSSOLINI.

FINAL PROTOCOL.

At the moment of signing the Convention concluded on this day's date between the Czechoslovak Republic and the Kingdom of Italy for the prevention of double taxation and the settlement of other questions concerning direct taxation,

The undersigned Plenipotentiaries have made the following declaration, which shall form an integral part of the said Convention.

(1) "Credit institutions," as referred to in Article 2, last sub-section, of the Convention, shall be taken to mean any establishment engaged in credit transactions ;

(2) For the purposes of Article 4, factories, workshops, laboratories, premises for purchase and sale, warehouses, agencies and other trade premises, as well as the office of a permanent representative, shall be regarded as establishments ;

(3) It is understood that the two High Contracting Parties shall agree to settle in an equitable manner the division of income derived from industrial or commercial enterprises in the case provided for in Article 4, paragraph 2 ;

(4) For the purposes of the general tax and the capital levy referred to in Articles 6 and 7 of the Convention, shares (partnerships), in undertakings organised as companies — except shareholders' companies — shall be regarded as industrial or commercial undertakings. As regards shares in shareholders' companies and all other kinds of securities, the principle laid down in the said two articles concerning taxation in the taxpayer's place of residence is hereby confirmed.

(5) It is understood that the stipulations of Articles 1, 2, 3, 4 and 5 of the Convention shall not apply to the taxes mentioned in Articles 6, 7, and 8, apart from the exceptions mentioned in Articles 6, 7 and 8.

(6) For the purposes of the Convention, "direct taxation" shall be taken to mean direct taxes levied by the State, including additional taxes levied on behalf of autonomous bodies ;

(7) As regards succession duties, the High Contracting Parties reserve the right to conclude a separate agreement.

The present Protocol has been drawn up in duplicate in Italian and Czechoslovak. In case of dispute the Italian text shall be authentic, as being in a language with which all the Plenipotentiaries are acquainted.

In faith whereof the Plenipotentiaries have signed hereunder.

Done at Rome on March 1, 1924.

(L. S.) (Signed) VLASTIMIL KYBAL.

(L. S.) (Signed) JAN DVOŘÁČEK.

(L. S.) (Signed) BENITO MUSSOLINI.