

N° 3362.

**ROUMANIE
ET YOUGOSLAVIE**

Convention concernant la suppression de la double imposition et le règlement de l'assistance administrative en matière d'impôts directs. Signée à Beograd, le 30 janvier 1933.

**ROUMANIA
AND YUGOSLAVIA**

Convention concerning the Abolition of Double Taxation and regulating Administrative Assistance in the Matter of Direct Taxes. Signed at Belgrade, January 30th, 1933.

¹ TRADUCTION — TRANSLATION.

No. 3362. — CONVENTION ² BETWEEN THE KINGDOM OF ROUMANIA AND THE KINGDOM OF YUGOSLAVIA CONCERNING THE ABOLITION OF DOUBLE TAXATION AND REGULATING ADMINISTRATIVE ASSISTANCE IN THE MATTER OF DIRECT TAXES. SIGNED AT BELGRADE, JANUARY 30TH, 1933.

French official text communicated by the Permanent Delegate of the Kingdom of Yugoslavia accredited to the League of Nations. The registration of this Convention took place March 3rd, 1934.

HIS MAJESTY THE KING OF YUGOSLAVIA,
and
HIS MAJESTY THE KING OF ROUMANIA,
Being desirous of protecting their nationals from the inequitable incidence of double taxation and of affording each other mutual administrative assistance in the matter of direct taxes,
Have decided to conclude a Convention for this purpose and have appointed as their respective Plenipotentiaries :

HIS MAJESTY THE KING OF YUGOSLAVIA :

Monsieur Bogoljub JEVTIĆ, Minister for Foreign Affairs ;

HIS MAJESTY THE KING OF ROUMANIA :

Monsieur Alexandre N. IACOVAKY, Minister Plenipotentiary and Director at the Ministry of Foreign Affairs at Bucharest ;

Who, having exchanged their full powers, found in good and due form, have agreed on the following provisions :

I. DOUBLE TAXATION.

Article I.

The purpose of the present Convention is to protect tax-payers who are nationals of the Contracting States from double taxation in respect of direct taxes, personal and impersonal.

For the purposes of the present Convention, direct taxes shall be taken to mean taxes which are assessed direct on gross or net income in accordance with the national legislation of each of the Contracting Parties, for account of the two Contracting States or for account of autonomous administrative units, whether direct taxes strictly so called or additional charges (*privezi*).

¹ Traduit par le Secrétariat de la Société des Nations, à titre d'information.

¹ Translated by the Secretariat of the League of Nations, for information.

² The exchange of ratifications took place at Bucharest, September 26th, 1933.

For the purposes of the present Convention, the following shall be regarded as direct impersonal taxes :

- (a) In the Kingdom of Yugoslavia :
- (1) The tax on income from land ;
 - (2) The tax on income from buildings ;
 - (3) The tax on income from industrial or commercial undertakings, further the tax on professional income ;
 - (4) The tax on investments, income from capital and movable property ;
 - (5) The tax on the profits of institutions which are obliged to publish an annual balance-sheet ;
 - (6) The tax on salaries and wages.
- (b) In the Kingdom of Roumania :
- (1) The tax on income from agricultural property ;
 - (2) The tax on buildings ;
 - (3) The tax on movable property ;
 - (4) The tax on commercial and industrial earnings ;
 - (5) The tax on wages ;
 - (6) The tax on professional income.

The tax on gross income levied in the Kingdom of Roumania shall be regarded as a direct personal tax.

In application of the present Convention, the two Contracting Parties undertake to supply one another with lists of their respective direct impersonal and personal taxes, within three months of any changes that may be made in the legislation in regard to the same.

Article 2.

Income from immovable property (buildings or land) and income from mortgage loans shall be taxable in the State in which the said property is situate.

In the case of income from mortgage loans secured on property one or more parts of which are situate in the territory of the other Contracting State, an equitable division shall be made of the same by the two Contracting States for purposes of taxation.

Article 3.

Industrial, commercial and agricultural undertakings, together with the earnings of such undertakings, shall be taxed in the State in which the plant, buildings and organisation for the actual operation of such undertakings (as mines, factories, warehouses, oil wells and refineries, workshops, agencies, offices, etc.), whereby the activities of the said undertakings are carried on, are situate.

Where such plant, buildings or organisations are situate in the territory of both countries, the undertaking shall be taxed in each country in proportion to the extent of its activities and earnings.

Nevertheless, if the plant, buildings and organisations are mainly situate in the territory of one of the Contracting States, while the other contains merely the administrative seat or organisation for additional or subsidiary financial or administrative operations, the undertaking shall be taxed solely in the territory and for the benefit of the State in which the main productive plant, buildings and operating organisations are situate.

Article 4.

Income derived from independent activities, including earnings of the liberal professions (doctors, lawyers, architects, engineers, etc.), as also income from any other non-commercial

occupation (science, arts, letters, teaching, education) shall be taxed in the State in whose territory the individual activities producing such income are carried on.

The provisions of this Article shall further apply to peddlars, hawkers, commercial travellers and other itinerant agents.

Article 5.

Salaries, wages and any other emoluments whatsoever shall be taxable in the State in which the persons concerned carry on their activities.

Nevertheless, the earnings of public officials and employees working abroad shall be taxable in the State by which they are paid.

Article 6.

Public and private pensions, life annuities and other similar payments not specified in the foregoing Articles shall be taxable in the State in which such payments have to be made.

Article 7.

Income from capital and investments shall be taxable in the State in which such income is payable.

Interest on bonds issued by the State shall be taxed by the State liable for such interest ; interest on bonds issued by public autonomous corporations or joint-stock companies or other financial institutions shall be taxed by the State in which such interest is payable.

The above provisions shall further apply to the taxation of interest on capital deposited in the form of savings deposits or as cover for a current account.

Should the head office of the institution making the payment be situate in the territory of one of the Contracting States, while one or more branches of the institution are situate in the territory of the other State, the interest on capital deposited in the branches shall be taxed by the State in whose territory they are situate.

Income earned on savings deposits of whatever nature, intended for the requirements of Legations and Consulates in the discharge of their official functions, shall be exempt from taxation up to an amount to be determined by joint agreement.

Dividends of joint-stock companies, not being income of the shareholders but part of the total industrial or commercial income of the company, shall be taxed in accordance with the rules laid down in Article 3 of the present Convention. Dividends, being income of the shareholder and not part of the income of the company, as also directors' fees, shall be taxed by the State in whose territory the head office of the undertaking making payment is situate.

Periodical allowances in the nature of directors' fees paid in respect of specific functions exercised in a branch establishment shall be taxed in the State in whose territory the branch establishment is situate.

Article 8.

The direct personal tax on total income according to the fiscal law of the Kingdom of Roumania shall be levied by Roumania on the basis of fiscal domicile, *i.e.* the normal residence taken as the permanent domicile of the tax-payer.

The income tax according to the fiscal law of the Kingdom of Yugoslavia (*dopunski porez*) shall be levied on the basis of the location of the sources of such income.

The Kingdom of Roumania, in which taxation is based on the principle of fiscal domicile, shall deduct from the Roumanian gross (personal) tax the amount of the tax or taxes actually paid in the other Contracting State in respect of income tax (*dopunski porez*).

Where the fiscal domicile of a tax-payer, being a Roumanian national, cannot be defined, he shall pay the personal tax in Roumania.

Article 9.

Where it is established that, as a result of the action of the financial authorities of the Contracting Parties, a tax-payer has been subjected to double taxation, and has been unable on application to secure redress, the tax-payer may lay claim against the Party of which he is the national ; and, if his claim is allowed, the Party of which the tax-payer is a national may apply on his behalf through the diplomatic channel for refund of the amount of the tax inequitably levied by the other Party, at the same time producing documentary evidence in support of the claim.

Article 10.

1. For purposes of taxation, the natural or juridical persons of either Contracting Party shall enjoy the same treatment as nationals in the territory of the other Party.

2. The Contracting Parties are agreed that their respective nationals in the frontier zone shall be subject to the regulations with regard to taxation laid down in the Convention regarding Frontier Traffic.

Article 11.

Where special regulations are required for the application of the present Convention, and in particular in cases for which no explicit provision is made therein, the financial authorities of the two Contracting States shall consult with one another with a view to action in accordance with the spirit of the present Convention.

II. ADMINISTRATIVE ASSISTANCE IN THE MATTER OF DIRECT TAXATION.

Article 12.

With a view to ensuring a more equitable distribution of tax burdens, both in the interest of the States and in that of the tax-payers, the Contracting States undertake, subject to reciprocity, to afford one another administrative assistance in all matters essential to the assessment of taxes.

Such assistance shall consist of :

(a) Exchange of any information in regard to matters of taxation which one of the Contracting States possesses or is in a position to obtain. Such information shall be given on application in specific cases, or automatically in the case of the classes of information to which Article 1 relates.

(b) Collaboration between administrative departments in the execution of procedural acts.

Article 13.

The exchange of information to which paragraph (a) of Article 1 relates shall apply to the natural or juridical persons taxable in one or other of the two Contracting Countries. Such

information shall specify the names, Christian names, domiciles or residences of the persons concerned and, where necessary, their family responsibilities, and shall further concern :

(1) Immovable property (income or capital, impersonal rights, mortgage or other charges) ;

(2) Mortgage or similar claims (more especially specifying the property mortgaged, the amount and the rate of interest) ;

(3) Industrial, commercial or agricultural undertakings (actual or agreed profit, turnover or other bases of taxation) ;

(4) Earned income and directors' fees ;

(5) Movable property, loans, deposits and current accounts (income or capital), all particulars ascertained by a Government department, *e.g.*, in connection with the grant of exemption or abatement on the ground of the domicile or nationality of the tax-payer.

Article 14.

The provisions of the foregoing articles shall not in any case be so applied as to oblige either of the Contracting States to supply information which it is unable under its own fiscal legislation to ascertain, or to take administrative action which is not in accordance with its regulations or practice.

Article 15.

The State applied to may reject an application if, in its judgment, such application is inconsistent with public order or public interests.

Article 16.

The competent administrative departments shall be empowered to correspond directly with one another for the purposes of the application of the provisions of the present Convention.

Article 17.

Administrative assistance shall be free, subject to the refund of any exceptional expenditure (investigation, experts' fees, etc.) in special cases.

Article 18.

The respective authorities shall supply one another periodically with statements regarding their powers of enquiry and supervision in matters of taxation, as also their administrative procedure.

Article 19.

The central authorities of the financial administrations of the two States shall jointly determine the steps to be taken in execution of the present Convention.

Article 20.

The present Convention shall be ratified and the instruments of ratification shall be exchanged at Bucharest as soon as possible.

The present Convention shall come into force on January 1st next after the exchange of the instruments of ratification, and shall remain in force until denounced by one of the Contracting Parties. Should the Convention be denounced before July 1st in any year, it shall cease to have effect on January 1st of the following year or, otherwise, on January 1st of the second year following denunciation.

In faith whereof the Plenipotentiaries have signed the present Convention and have thereto affixed their seals.

Done at Belgrade, in two originals in French, January 30th, one thousand nine hundred and thirty-three.

(L. S.) B. D. JEVTIĆ, *m. p.*

(L. S.) Alexandre N. IACOVAKY, *m. p.*