**Syria**

**Double Taxation Avoidance Agreement**

**Syria**

**Agreement between the Government of India and the Government of the Syrian Arab Republic for the avoidance of Double Taxation and the prevention of Fiscal evasion with respect to taxes on Income**

**Notification No.G.S.R. 508(E) dtd. 25.6.1985**

Whereas the annexed Agreement between the Government of India and the government of the Syrian Arab Republic for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income has entered into force on the notification by both the Contracting States to each other of completion of the procedures required by their respective laws, as required by Article 29 of the said Agreement.

Now, therefore, in exercise of the powers conferred by section 90 of the Income-tax Act, 1961 (43 of 1961) and section 24A of the Companies (Profits) Surtax Act, 1964 (7 of 1964), the Central Government hereby directs that all the provisions of the said Agreement shall be given effect to in the Union of India.

**AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF INDIA AND THE GOVERNMENT OF THE SYRIAN ARAB REPUBLIC FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME.**

The Government of the Republic of India and the Government of the Syrian Arab Republic-

Desiring to conclude an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income;

Have agreed as follows:

**CHAPTER I**

**SCOPE OF THE AGREEMENT**

**Article 1**

**PERSONAL SCOPE**

This agreement shall apply to persons who are residents of one or both the Contracting states.

**Article 2**

**TAXES COVERED**

1.     The taxes to which this Agreement shall apply are:

**a.**     **In the case of India;**

1.     the income-tax including any surcharge thereon imposed under the Income-tax act, 1961 (43 of 1961);

2.     the Surtax imposed under the Companies (Profits) Surtax Act, 1964 (7 of 1964); (hereinafter referred to as " Indian tax ").

**b.**    **In the case of the Syrian Arab Republic;**

The income-tax imposed by the Legislative Decree No. 85 of 1949 and its amendments (hereinafter referred to as " Syrian tax ").

2.     The Agreement shall also apply to any identical or substantially similar taxes which are imposed by either Contracting State the date of signature of the present in addition to, or in place of, the taxes referred to in paragraph 1 of this Article. The competent authorities of the Contracting States shall notify each other of any substantial changes which are made in their respective taxation laws.

**CHAPTER II**

**DEFINITIONS**

**Article 3**

**GENERAL DEFINITIONS**

1.     In this Agreement, unless the context otherwise requires:

a.     the term 'India' means the territory of India and includes the territorial sea and air-space above it as well as any other maritime zone referred to in the Territorial Waters Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act 1976 (Act No. 80 of 1976), in which India has sovereign rights and to the extent that these rights can be exercised therein as if such maritime zone is a part of the territory of India;

b.    the term 'Syria' means the territory of Syria and includes the territorial waters adjacent to and the airspace above it;

c.     The term " a Contracting State " and " the other Contracting State " mean India or Syria as the context requires;

d.    the term " tax " means Indian tax or Syrian tax, as the context requires, but shall not include any amount which is payable in respect of any default or omission in relation to the taxes to which this Agreement applies or which represents a penalty imposed relating to those taxes;

e.     the term " person " includes an individual, a company and any other entity which is treated as a taxable unit under the taxation laws in force in the respective Contracting States;

f.     the term " company " means anybody corporate or any entity which is treated as a company under the taxation laws in force in the respective Contracting States;

g.    the term " enterprise of a Contracting State " and " enterprise of the other Contracting State " mean, respectively, an enterprise carried on by a resident of a Contracting State and an enterprise carried on by resident of the other Contracting State;

h.     the term " competent authority " means in the case of India, the Central Government in the Ministry of Finance (Department of Revenue) or their authorised representative; and in the case of Syria, the Ministry of Finance or their authorised representative;

i.      the term " national " means any individual possessing the nationality of a Contracting State and any legal person, partnership or association deriving its status from the laws in force in the Contracting State.

2.     In the application of the provisions of this Agreement by a Contracting State, any term not defined herein shall, unless the context otherwise requires, have the meaning which it has under the laws in force in that State relating to the taxes which are the subject of this Agreement.

**Article 4**

**Fiscal Domicile**

1.     For the purposes of this Agreement, the term " resident of a Contracting State " means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature.

2.     Where by reason of the provisions of paragraph 1, an individual is a resident of both contracting states then his residential status for the purposes of this agreement shall be determined in accordance with the following rules:---

a.     he shall be deemed to be a resident of the Contracting State in which he has a permanent home available to him; if he has a permanent home available to him in both Contracting States he shall be deemed to be a resident of the Contracting State with which his personal and economic relations are closer (hereinafter referred to as his " centre of vital interests ");

b.    if the Contracting State in which he has his centre of vital interests cannot be determined, or if he does not have a permanent home available to him in either Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;

c.     if he has an habitual abode in both Contracting States or in neither of them, he shall be deemed to be resident of the Contracting State of which he is a national;

d.    if he is a national of both Contracting States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3.     Where by reason of the provisions of paragraph 1, a person other than a individual is a resident of both Contracting States, then it shall be deemed to be a resident of the Contracting State in which its place of effective management is situated.

**Article 5**

**Permanent Establishments**

1.     For the purposes of this Agreement, the term " permanent establishment " means a fixed place of business through which the business of the enterprise is wholly or partly carried on.

2.     The term " permanent establishment " includes especially:----

a.     a place of management;

b.    a branch;

c.     an office;

d.    a factory;

e.     a workshop;

f.     a mine, a quarry, an oilfield or other place of extraction of natural resources;

g.    a farm, plantation or other place where agricultural, forestry, plantation or related activities are carried on;

h.     a building site or construction or assembly project or supervisory activities in connection therewith, where such site project or supervisory activity continues for a period of more than twelve months.

3.     Notwithstanding the proceeding provisions of this Article, the term " pemanent 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 advertising; for the supply of information or for scientific research, being activities solely of a preparatory or auxiliary character in the trade or business of the enterprise.

4.     Notwithstanding the provisions of paragraphs 1 and 2, where a person----other than an agent of independent status to whom paragraph 5 applies----is acting on behalf of an enterprise and has, and habitually exercise, in a Contracting State, an authority to conclude contracts for or on behalf 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 the purchase of goods or merchandise for the enterprise.

5.     An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other State through a broker, general commission agent or any other agent of an independent status, where such persons are acting in the ordinary course of their business. However when the activities of such an agent are devoted wholly or almost wholly on behalf of that enterprise, he will not be considered an agent of an independent status within the meaning of this paragraph.

6.     The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other Contracting State (whether through a permanent establishment or otherwise), shall not of itself constitute for either company a permanent establishment of the other.

7.     An enterprise of a Contracting State shall be deemed to have a permanent establishment in the other Contracting State if it carries on a business which consists of providing the services of Public entertainers (such as theatre, motion picture, radio or television artistes and musicians) or athletes in that other Contracting State unless the enterprise is directly or indirectly supported wholly or substantially, from the public funds of the Goverment of the first-mentioned Contracting State in contracting with the provision of such services.

**CHAPTER III**

**TAXATION OF INCOME**

**Article 6**

**Income from Immovable Property**

1.     Income from immovable property may be taxed in the Contracting State in which such property is situated.

2.     The term " immovable property " shall be defined in accodance with the law and usage of the Contracting Sate in which the property is situated. The term shall in any case include property accessory to immovable property, livestock 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, oil wells, quarries and other places of extraction of natural resources. Ships and airccraft 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 professional services.

**Article 7**

**Business profits**

1.     The profits of an enterprise of a Contracting State shall be taxable only in that Contracting State. However, if the enterprise carries oil business in the other Contracting State through a permanent establishment situated therein the profits of the enterprise may be taxed in the other Contracting State but only so much of them as is attributable to that permanent establishment. This is without prejudice to the right of taxation of such profits by the first-mentioned Contracting State according to its tax laws.

2.     Where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a district 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. Where the correct amount of profits attributable to a permanent establishment cannot be determined or the determination thereof presents exceptional difficulties, the profits attributable to the permanent establishment may be estimated on reasonable basis.

3.     In the determination the profits of a permanent establishment, there shall be allowed as deductions reasonable expenses which are incurred for the purposes of the business 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.     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.

5.     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.

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

**Article 8**

**Air Transport**

1.     Profits derived by an enterprise of a Contracting State from the operation of aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise (that is, the head office) is situated.

2.     The provisions of paragraph shall also apply to a share of profits from the operation of aircraft in international traffic derived by an enterprise of a Contracting State through participation in a pool, a joint business or an international operating agency.

3.     For the purposes of this Article, interest on funds connected with the operation of aircraft in international traffic shall be regarded as profits derived from the operation of such aircraft, and the provisions of article 12 shall not apply in relation to such interest.

4.     The term " operation of aircraft " shall mean business of transportation by air of persons and their luggage, livestock, goods or mail, carried on by the carriers or lessees or charterers of aircraft, including the sale of tickets for such transportation on behalf of other enterprises, the incidental lease of aircraft and other activity directly connected with such transportation.

**Article 9**

**Shipping**

1.     Profits derived by an enterprise of a Contracting State from the operation of ships in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise (that is, the head office) is situated.

2.     The provisions of paragraph 1 shall also apply to a share of profits from the operation of ships in international traffic derived by an enterprise of a Contracting State through participation in a Pool, a joint business or an international operating agency.

3.     Paragraph 1 shall not apply to profits arising as a result of coastal traffic.

**Article 10**

**Associated Enterprises**

Where:

a.     an enterprise of a Contracting State participates dicectly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or

b.    the same persons participate directly or indirectly in the management control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting state.

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any 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.

**Article 11**

**Dividends**

1.     Dividends paid by a company which is resident of a Contracting State to a resident of the other Contracting State shall not be taxable in the first-mentioned Contracting State.

2.     The term " dividends " as used in this Article means income from shares or other rights not being debt-claims, participating in profits, as well as income from other corporate rights assimilated to income from shares or any other income which is deemed to be a dividend or distribution of a company by the taxation laws of the Contracting State of which the company making the distribution is a resident.

3.     The provisions of paragraph 1 shall not apply if the recipient of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such a case, the provisions of Article 7 or Article 15, as the case may be, shall apply.

4.     Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company to persons who are not resident of that other State, or subject the company's undistributed profits to a tax on undistributed profits even if the dividends paid or the distributed profits consists wholly or partly of profits or income arising in that other State.

**Article 12**

**Interest**

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

2.     However, such interest may also be taxed in the Contracting State in which it arises, and according to the laws of that State, but the tax so charged shall not exceed 7.5 per cent of the gross amount of the interest.

3.     Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State and paid to the Government of the other Contracting State or a local authority thereof, the Central Bank of that other Contracting State or any agency wholly owned by that Government or local authority shall be exempt from tax in the first-mentioned Contracting State. The competent authorities of the Contracting State may determine by mutual agreement any other Government institution to which this paragraph shall apply.

4.     The term " interest " as used in this Article means income from Government securities, bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, and other debt-claims of every kind as well as other income assimilated to income from money lent by the taxation laws of the Contracting State in which the income arises.

5.     The provisions of paragraph 1 and 2 shall not apply if the recipient of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or Article 15, as the case may be, shall apply.

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

7.     Where, owing to special relationship between the payer and the recipient 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 recipient in the absence of such relationship, the provisions of this Article shall apply only to the last mentioned amount. In that case, the excess part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Agreement.

8.     For the purposes of this Article and Article 13, the term " Government " shall include, in the case of India, any State Government.

**Article 13**

**Royalties**

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

2.     However, such royalties may also be taxed the Contracting State in which they arise and according to the law of that State, but the tax so charged shall not exceed 10 per cent of the gross amount of the royalties.

3.     The term " royalties " as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work (including cinematograph films or films or tapes used 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 recipient of the royalties, being a resident of a Contracting State carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such a case, the provisions of Article 7 or Article 15, as the case may be, shall apply.

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

6.     Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of royalties paid, 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 recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess par of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

**Article 14**

1.     Gains from the alienation of immovable property, as defined in paragraph 2 of Article 6, may be taxed in the Contracting State in which such property is situated.

2.     Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base, may be taxed in that other State.

3.     Notwithstanding the provisions of paragraph 2, gains derived by an enterprise of a Contracting State from the alienation of ships or aircraft which it operates in international traffic and movable property pertaining to the operation of such ships or aircraft shall be taxable only in that State.

4.     Gains derived by a resident of a Contracting State from the alienation of any property other than that mentioned in paragraphs 1, 2 and 3 shall be taxable only in that State.

5.     The term " alienation " means the sale, exchange, transfer, or relinquishment of the property or the extinguishment of any rights therein or the compulsory acquisition thereof under any law in force in the respective Contracting States.

**Article 15**

**Independent Personal Services**

1.     Income derived by a resident of a Contracting State in respect of professional services or other independent activities of a similar character shall be taxable only in that State unless:---

a.     he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities; in that case, only so much of the income may be taxed in that other State as is attributable to that fixed base; or

b.    he is present in the other Contracting State for the purpose of performing his activities for a period or periods exceeding in the aggregate 183 days in the relevant " previous year " or " year of income ", as the case may be; in that case, only so much of the income may be taxed in that other State as is attributable to the activities performed in that other State.

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

**Article 16**

**Dependent Personal Services**

1.     Subject to the provisions of Articles 17, 18, 19, 20, 21 and 22, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employmen is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other Contracting State.

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

a.     the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in the relevant " previous year " or " year of income ", as the case may be, 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 in respect of an employment exercised abroad a ship or aircraft operated in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

**Article 17**

**Directors' Fees**

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

**Article 18**

**Artistes and Athletes**

1.     Notwithstanding the provisions of Articles 15 and 16, income derived by public entertainers (such as theatre, motion picture, radio or television artistes and musicians) or athletes from their personal activities as such may be taxed in the Contracting State in which these activities are exercised:-

Provided that such income shall not be taxed in the said Contracting State if the visit of the public entertainers or athletes to that State is directly or indirectly supported, wholly or substantially from the public funds of the Government of the other Contracting State.

2.     For the purpose of this Article, the term " Government " shall include any local or statutory authority of either Contracting State and, in the case of India, any State Government also.

**Article 19**

**Government Functions**

1.     Remuneration (not being a pension) paid by the Government of a Contracting State to any individual who is a citizen of that State in respect of services rendered in the discharge of governmental functions in the other Contracting State shall be taxable only in the first-mentioned Contracting State.

2.     Any pension paid by the Government of one of the Contracting States to any individual who is a citizen of either of the two Contracting States shall be taxable only in the Contracting State which is paying the pension.

3.     The provisions of paragraphs 1 and 2 shall not apply to remuneration and pensions in respect of services rendered in connection with any business carried on by the Government of either of the Contracting States for the purposes of profit.

4.     For the purposes of this Article, the term " Government " shall include any local or statutory authority of either Contracting State and in particular the Reserve Bank of India and the Central Bank of Syria. In the case of India, it shall also include any State Government.

**Article 20**

**Non-Government Pensions and Annuities**

1.     Any pension (other than a pension referred to in Article 19) or annuity derived by a resident of a Contracting State from sources within the other Contracting State may be taxed only in the first-mentioned Contracting State.

2.     The term " pension " means a periodic payment made in consideration of services rendered in the past or by way of compensation for injuries received in the course of performance of services.

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 21**

**Students and Apprentices**

1.     A student or business apprentice who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned Contracting State solely for the purpose of his education or training, shall be exempt from tax in the first-mentioned Contracting State on:

a.     payments made to him by persons residing outside that first-mentioned Contracting State for the purposes of his maintenance, education or training; and

b.    remuneration from employment in that first-mentioned Contracting State, in an amount not in excess of Rs. 15,000 or its equivalent in Syrian currency during any " previous year " or the " year of income ", as the case may be, provided that such employment is directly related to his studies or is undertaken for the purpose of his maintenance.

2.     The benefits of Article shall extend only for such period of time as may be reasonable or customarily to complete the education or training undertaken, but in no event shall any individual have the benefits of this Article for more than five consecutive years from the date of his first arrival in the first-mentioned Contracting State.

**Article 22**

**Professors and Teachers**

1.     A professor or teacher who visits a Contracting State for the purpose of teaching or engaging in research, or both, at a university, college, school or other approved institution in that Contracting State and who is, or was immediately before such visit, a resident of the other Contracting State, shall be exempt from tax in the first-mentioned Contracting State on any remuneration for such teaching or research for a period not exceeding 12 months from the date of his arrival in that Contracting State.

2.     This Article shall not apply to income from research if such research is undertaken primarily for the private benefits of a specific person or persons.

3.     For the purposes of this Article and Article 21, an individual shall be deemed to be a resident of Contracting State if he is resident in that Contracting State in the " previous year " or the " year of income " as the case may be, in which he visits the other Contracting State or in the immediately preceding " previous year " or the " year of income ".

4.     For purpose of paragraph 1, " approved institution " means an institution which has been approved in this regard by the competent authority of the concerned Contracting State.

**Article 23**

**Income not Expressly Mentioned**

Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Agreement, shall be taxable only in that State.

**CHAPTER IV**

**METHODS FOR ELIMINATION OF DOUBLE TAXATION**

**Article 24**

**Elimination of Double Taxation**

1.     The laws in force in either of the Contracting State, shall continue to govern the taxation of income in the respective Contracting State except where provisions to the contrary are made in this Agreement.

2.     Where a resident of India derives income which in accordance with the provisions of this Agreement, may be taxed in Syria, India shall allow as a deduction from the tax on the income of that resident, an amount equal to the income-tax paid in Syria, whether directly or by deduction. Such deduction shall not, however, exceed that part of the Indian tax (as computed before the deduction is given) which is attributable to the income which may be taxed in Syria. Further, where such resident is a company by which surtax is payable in India, the deduction aforesaid shall be allowed in the first instance from income-tax payable by the company in India and as to the balance, if any, from surtax payable by it in India.

3.     For the purposes of the deduction referred to in paragraph 2, " income-tax paid in Syria " shall be deemed to include any amount which would have been payable as Syrian tax but for a deduction allowed in computing the taxable income or an exemption or reduction from tax granted for that year under:

              i.        the Legislative Decree 103 of 1952 regarding ex-computing the taxable income or an exemption or Law No. 44 of 1959 regarding relief to contractors engaged in development projects during the period of execution, so far as the aforesaid Legislative Decree and Article were in force on, and have not been modified since, the date of the signature of this Agreement, or have been modified only in minor respects so as not to affect their general character; or

             ii.        any other provision which may be enacted after the fifth day of March, 1982 granting a deduction in computing the taxable income or an exemption or reduction from tax which the competent authorities of the Contracting States agree to be for the purposes of economic development, if it has not been modified thereafter or has been modified only in minor respects so as not to affect its general character.

4.     Where as resident of Syria derives income which, in accordance with the provisions of this Agreement, may be taxed in India, Syria shall allow as a deduction from the tax on the income of that resident, an amount equal to the income-tax paid in India, whether directly or by deduction. Such deduction shall not, however, exceed that part of the Syrian tax (as computed before the deduction is given) which is attributable to the income which may be taxed in India.

5.     For the purposes of the deduction referred to in paragraph 4, " income-tax paid in India " shall be deemed to include any amount which would have been payable as Indian tax but for a deduction allowed in computing the taxable income or an exemption or reduction from tax granted for that year under:

              i.        sections 10(4), 10(4A), 10(6)(viia), 10(15)(iv), 10(28), 10A, 32A, 33A, 35P, 54E, 80HH, 80HHA, 80-1, 80L of the Income-tax Act, 1961 (43 of 1961)), so far as they were in force on, and have not been modified since, the date of the signature of this Agreement, or have been modified only in minor respects so as not to affect their general character, or

             ii.        any other provision which may be enacted after the fifth day of March, 1982 granting a deduction in computing the taxable income or an exemption or reduction from tax which the competent authorities of the Contracting States agree to be for the purposes of the economic development, if it has not been modified thereafter or has been modified only in minor respects so as not to affect its general character.

6.     Where under this Agreement a resident of a Contracting State is exempt from tax in that Contracting State in respect of income derived from the other Contracting State, then the first-mentioned Contracting State may, in calculating tax on the remaining income of that person, apply the rate of tax which would have been applicable if the income exempted from tax in accordance with this Agreement had not been so exempted.

**CHAPTER V**

**SPECIAL PROVISIONS**

**Article 25**

**Non-Discrimination**

1.     The nationals of a Contracting State shall not be subjected in the other Contracting State to any taxable 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.

2.     The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities in the same circumstances.

3.     Nothing contained in this Article shall be construed as obliging a Contracting State to grant to persons not resident in that State any personal allowances reliefs and reduction for taxation purposes which are by law available only to persons who are so resident.

4.     Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned 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 in the same circumstances.

5.     In this Article, the term " taxation " means taxes which are the subject of this Agreement.

**Article 26**

**Mutual Agreement procedure**

1.     Where a resident of a Contracting State considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with this Agreement, he may, notwithstanding the remedies provided by the national laws of those States, present his case to the competent authority of the Contracting State of which he is a resident. This case must be presented within three years of the date of receipt of notice of the action which gives rise to taxation not in accordance with the Agreement.

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 an appropriate solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State with a view to the avoidance of taxation not in accordance with this Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the national laws of the Contracting States

3.     The competent authorities of the Contracting States endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Agreement. They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.

4.     The competent authorities of the Contracting States 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 Contracting States.

**Article 27**

**Exchange of Information**

1.     The competent authorities of the Contracting States shall exchange such information or document as is necessary for carrying out the provisions of this Agreement or for the prevention of evasion of taxes which are the subject of this Agreement. Any information or document so exchanged shall be treated as secret but may be disclosed to persons (including a court or other authorities) concerned with the assessment, collection, enforcement, investigation or prosecution in respect of the taxes which are the subject of this Agreement, or the persons with respect to whom the information or document relates.

2.     The exchange of information or documents shall be on a routine basis or on request with reference to particular cases or both. The competent authorities of the contracting States shall agree from time to time on the list of the information or documents which shall be furnished on a routine basis.

3.     In no case shall be the provisions of paragraph I be construed so as to impose on a Contracting State the obligation:

a.     to carry out administrative measures at variance with the laws or administrative practice of that or of the other Contracting State;

b.    to supply information or documents which are not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;

c.     to supply information or documents which would disclosed any trade business, industrial commercial or professional secret or trade process or information the disclosure of which would be contrary to public policy.

**Article 28**

**Diplomatic and Consular Activities**

Nothing in this Agreement shall affect the fiscal privileges of diplomatic or consular officials under the general rules of international law or under the provisions of special agreements.

**CHAPTER VI**

**FINAL PROVISIONS**

**Article 29**

**Entry into Force**

Each of the Contracting States shall notify to the other the completion of the procedures required by its law for the bringing into force of this Agreement. The Agreement shall enter into force on the date of the latter of these notifications and shall thereupon have effect:

**a.**     **In India:**

              i.        in the case of profits derived from operation of aircraft (referred to in Article 8), as respects such profits as are derived after the first day of April, 1975;

             ii.        in the case of any other income, as respects income assessable for any assessment year commencing on or after the first day of April, 1983.

**b.**    **In Syria:**

              i.        in the case of profits derived from operation of aircraft (referred to in Article 8) as respect such profits as are derived after the first day of April, 1975;

             ii.        in the case of any other income, as respects income assessable for any assessment year commencing on or after the first day of January, 1983.

**Article 30**

**Termination**

This Agreement shall continue in effect indefinitely but either of the Contracting States may, on or before the thirtieth day of June in any calendar year beginning after the expiration of a period of five years from the date of its entry into force, give the other Contracting State through diplomatic channels, written notice of termination and, in such event, this Agreement shall cease to be effective:

a.     in India, in respect of income assessable for the assessment year commencing on the 1st day of April in the second calendar year next following the calendar year in which the notice is given, and subsequent years;

b.    in Syria, in respect of income assessable for any assessment year commencing on the 1st day of January in the second calendar Year next following the calendar year in which the notice is given, and subsequent years.

In witness whereof the undersigned, being duly authorised thereto, have signed the present Agreement.

Done on this Sixth day of February one thousand nine hundred and eighty four in New Delhi on two original copies each in the Arabic, Hindi and English languages, all the texts being equally authentic. In case of divergence between the three texts, the English text shall be the operative one.

**Sd/-- Sd/-**

**PRANAB MUKHERJEE**

**Dr. HAMDI-AL-SAQA**

**For the Government of India**

**For the Government of the Republic of Syria**

**Sd/-- M. S. NARAYANAN,**

**Addl. Secy**

**[F. No. 501/1/75-FTD]**