

AGREEMENT
BETWEEN
THE TAIPEI ECONOMIC AND CULTURAL REPRESENTATIVE OFFICE
IN THE KINGDOM OF SAUDI ARABIA
AND
THE COUNCIL FOR SAUDI CHAMBERS OF COMMERCE AND
INDUSTRY
FOR
THE AVOIDANCE OF DOUBLE TAXATION
WITH RESPECT TO TAXES ON INCOME
AND
THE PREVENTION OF TAX EVASION

AGREEMENT
BETWEEN
THE TAIPEI ECONOMIC AND CULTURAL REPRESENTATIVE OFFICE
IN THE KINGDOM OF SAUDI ARABIA
AND
THE COUNCIL FOR SAUDI CHAMBERS OF COMMERCE AND INDUSTRY
FOR
THE AVOIDANCE OF DOUBLE TAXATION
WITH RESPECT TO TAXES ON INCOME
AND
THE PREVENTION OF TAX EVASION

The Taipei Economic and Cultural Representative Office in the Kingdom of Saudi Arabia (TECRO) and the Council for Saudi Chambers of Commerce and Industry (CSC) (referred hereinafter as the Contracting Parties),

DESIRING to conclude an Agreement for the avoidance of double taxation with respect to taxes on income and the prevention of tax evasion; 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 this Agreement for the indirect benefit of residents of third territory),

HAVE AGREED as follows:

Article 1

Persons Covered

This Agreement shall apply to persons who are residents of one or both of the territories represented by the Contracting Parties.

Article 2

Taxes Covered

1. The existing taxes to which this Agreement shall apply are in particular:
 - (a) in the case of the territory represented by the CSC in which the Saudi taxation laws are applied:
 - (i) the Zakat;
 - (ii) the income tax including the natural gas investment tax, and
 - (b) in the case of the territory represented by the TECRO in which the Taiwanese taxation laws are applied:
 - (i) the profit-seeking enterprise income tax;
 - (ii) the individual consolidated income tax;
 - (iii) the income basic tax.
2. The provisions of this Agreement shall apply also to any identical or substantially similar taxes that are imposed in either territory after the date of signature of this Agreement in addition to, or in place of, the existing taxes. The competent authorities of both territories shall notify each other of any significant changes that have been made in their respective taxation laws.

Article 3

General Definitions

1. For the purposes of this Agreement, unless the context otherwise requires:
 - (a) the term “territory” means the territory referred to in paragraph 1 (a) or 1 (b) of Article 2 of this Agreement, and the terms “other territory” or “territories” shall be construed as the case requires;
 - (b) the term “person” includes an individual, a company or any other body of persons including partnership and trust;
 - (c) the term “company” means any body corporate or any entity that is treated as a body corporate for tax purposes;
 - (d) the terms “enterprise of a territory” and “enterprise of the other territory”

mean respectively an enterprise carried on by a resident of a territory and an enterprise carried on by a resident of the other territory;

(e) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise that has its place of effective management in a territory, except when the ship or aircraft is operated solely between places in the other territory;

(f) the term “competent authority” means:

(i) in the case of the territory represented by the CSC in which the Saudi taxation laws are applied, the appropriate authority responsible for taxation or its authorized representative;

(ii) in the case of the territory represented by the TECRO in which the Taiwanese taxation laws are applied, the Minister of Finance or his authorized representative.

2. As regards the application of this Agreement at any time by a territory, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that territory for the purposes of the taxes to which this Agreement applies, any meaning under the applicable tax laws of that territory prevailing over a meaning given to the term under other laws of that territory.

Article 4

Resident

1. For the purposes of this Agreement, the term “resident of a territory” means any person who, under the laws of that territory is liable to tax therein by reason of his domicile, residence, place of incorporation, place of management or any other criterion of a similar nature. This term, however, does not include any person who is liable to tax in that territory in respect only of income from sources in that territory.

2. Where by reason of the provisions of paragraph 1 of this Article, an individual is a resident of both territories, then his status shall be determined as follows:

(a) he shall be deemed to be a resident only of the territory in which he has a permanent home available to him; if he has a permanent home available to him in both territories, he shall be deemed to be a resident only of the territory with which his personal and economic relations are closer (center of vital interests);

- (b) if the territory in which he has his center of vital interests cannot be determined, or if he has not a permanent home available to him in either territory, he shall be deemed to be a resident only of the territory in which he has an habitual abode;
 - (c) if he has an habitual abode in both territories or in neither of them, the competent authorities of the territories shall settle the question by mutual agreement.
3. Where by reason of the provisions of paragraph 1 of this Article, a person other than an individual is a resident of both territories, then it shall be deemed to be a resident only of the territory in which its place of effective management is situated.

Article 5

Permanent Establishment

1. For the purposes of this Agreement, 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 but is not limited to:
 - (a) a place of management;
 - (b) a branch;
 - (c) an office;
 - (d) a factory;
 - (e) a workshop;
 - (f) a mine, a quarry or any other place of extraction of natural resources.
3. The term “permanent establishment” also includes:
 - (a) a building site, a construction, assembly or installation project, or supervisory activities, in connection therewith, but only where such site, project or activities continue for a period more than 6 months;
 - (b) the furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose, but only where activities of that nature continue (for the same or a

connected project) within a territory for a period or periods aggregating more than 6 months within any 12-month period.

4. Notwithstanding the preceding provisions of this Article, the term “permanent establishment” shall be deemed not to include:
 - (a) the use of facilities solely for the purpose of storage, 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 subparagraphs (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.
5. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, where a person - other than an agent of an independent status to whom paragraph 6 of this Article applies - is acting in a territory on behalf of an enterprise of the other territory, that enterprise shall be deemed to have a permanent establishment in the first-mentioned territory in respect of any activities which that person undertakes for the enterprise, if such a person has and habitually exercises in that territory an authority to conclude contracts in the name of the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 of this Article which, if exercised through a fixed place of business would not make this fixed place of business a permanent establishment under the provisions of that paragraph.
6. An enterprise of a territory shall not be deemed to have a permanent establishment in the other territory merely because it carries on business in that other territory through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business.

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

Article 6

Income from Immovable Property

1. Income derived by a resident of a territory from immovable property (including income from agriculture or forestry) situated in the other territory may be taxed in that other territory.
2. The term “immovable property” shall have the meaning which it has under the law of the territory in which the property in question is situated. This 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 of this Article 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 of this Article shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

Article 7

Business Profits

1. The profits of an enterprise of a territory shall be taxable only in that territory unless the enterprise carries on business in the other territory 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 territory but only so much of them as is attributable to that permanent establishment.
2. Subject to the provisions of paragraph 3 of this Article, where an enterprise of a territory carries on business in the other territory through a permanent establishment situated therein, there shall in each territory 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 the determination of the profits of a permanent establishment, there shall be allowed as deductions 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 territory in which the permanent establishment is situated or elsewhere.
4. Notwithstanding other provisions, the business profits derived by an enterprise of a territory from the exportation of merchandise to the other territory shall not be taxed in that other territory. Where export contracts include other activities carried on through a permanent establishment in the other territory, profits derived from such activities may be taxed in the other territory.
5. Nothing in this Article shall affect the operation of any law of a territory relating to tax imposed on income derived by non-residents from insurance activities.
6. Insofar as it has been customary in a territory 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 of this Article shall preclude that territory 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.
7. 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.
8. 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.
9. Where 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

Shipping and Air Transport

1. Profits from the operation of ships or aircraft in international traffic shall be taxable only in the territory in which the place of effective management of the enterprise is situated.
2. Profits from the operation of ships or aircraft in international traffic include:
 - (a) profits derived from the rental on a full (time or voyage) basis of ships or aircraft used in international transport;
 - (b) profits derived from the rental on a bareboat basis of ships or aircraft used in international transport;
 - (c) profits derived from the use, maintenance or rental of containers and related equipment used in international transport;

where such rental, use or maintenance, as the case may be, is incidental to the operation of ships or aircraft in international traffic.

3. If the place of effective management of a shipping enterprise is aboard a ship, then it shall be deemed to be situated in the territory in which the home harbour of the ship is situated, or, if there is no such home harbour, in the territory of which the operator of the ship is a resident.
4. The provisions of paragraph 1 of this Article 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 territory participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or
 - (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a territory and an enterprise of the other territory,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. Where a territory includes in the profits of an enterprise of that territory - and taxes accordingly - profits on which an enterprise of the other territory has been charged to tax in that other territory and the profits so included are profits which would have accrued to the enterprise of the first-mentioned territory if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other territory shall make an appropriate adjustment to the amount of the tax charged therein on those profits if that other territory considers the adjustment justified. In determining such adjustment, due regard shall be had to the other provisions of this Agreement and the competent authorities of the territories shall if necessary consult each other.

Article 10

Dividends

1. Dividends paid by a company which is a resident of a territory to a resident of the other territory may be taxed in that other territory.
2. However, such dividends may also be taxed in the territory of which the company paying the dividends is a resident and according to the laws of that territory, but if the beneficial owner of the dividends is a resident of the other territory, the tax so charged shall not exceed 12.5 per cent of the gross amount of the dividends. This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.
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 from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the territory of which the company making the distribution is a resident.
4. The provisions of paragraphs 1 and 2 of this Article shall not apply if the beneficial owner of the dividends, being a resident of a territory, carries on business in the other territory of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other territory 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 of this Agreement, as the case may be, shall apply.

5. Where a company which is a resident of a territory derives profits or income from the other territory, that other territory 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 territory 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 territory, 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 territory.

Article 11

Income from Debt-Claims

1. Income from debt-claims arising in a territory and paid to a resident of the other territory may be taxed in that other territory.
2. However, such income from debt-claims may also be taxed in the territory in which it arises and according to the laws of that territory, but if the beneficial owner of the income from debt-claims is a resident of the other territory, the tax so charged shall not exceed 10 per cent of the gross amount of the income from debt-claims.
3. Notwithstanding the provisions of paragraph 2 of this Article, income from debt-claims arising in a territory shall be exempted from tax in that territory if it is paid:
 - (a) to the Central Bank of the other territory, or
 - (b) to any financial institution wholly owned or controlled by a public authority of the other territory.
4. The term "Income from Debt-Claims" 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. Penalty charges for late payment shall not be regarded as income from debt-claims for the purpose of this Article.
5. The provisions of paragraphs 1 and 2 of this Article shall not apply if the beneficial owner of the income from debt-claims, being a resident of a territory, carries on business in the other territory in which the income from debt-claims

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

6. Income from debt-claims shall be deemed to arise in a territory when the payer is a resident of that territory. Where, however, the person paying such income, whether he is a resident of a territory or not, has in a territory a permanent establishment or a fixed base in connection with which the indebtedness on which such income is paid was incurred, and such income is borne by such permanent establishment or fixed base, then such income shall be deemed to arise in the territory in which the permanent establishment or fixed base is situated.
7. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the income from debt-claims, 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 territory, due regard being had to the other provisions of this Agreement.

Article 12

Royalties

1. Royalties arising in a territory and paid to a resident of the other territory may be taxed in that other territory.
2. However, such royalties may also be taxed in the territory in which they arise and according to the laws of that territory, but if the beneficial owner of the royalties is a resident of the other territory, the tax so charged shall not exceed:
 - (a) 4 per cent of the gross amount of such royalties which are paid for the use of, or the right to use, industrial, commercial, or scientific equipment, and
 - (b) 10 per cent of the gross amount of such royalties in all other cases.
3. The term “royalties” as used in this Article means payment 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 of this Article shall not apply if the beneficial owner of the royalties, being a resident of a territory, carries on business in the other territory in which the royalties arise, through a permanent establishment situated therein, or performs in that other territory 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 of this Agreement, as the case may be, shall apply.
5. Royalties shall be deemed to arise in a territory when the payer is a resident of that territory. Where, however, the person paying the royalties, whether he is a resident of a territory or not, has in a territory 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 territory 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 territory, due regard being had to the other provisions of this Agreement.

Article 13

Capital Gains

1. Gains derived by a resident of a territory from the alienation of immovable property referred to in Article 6 of this Agreement and situated in the other territory may be taxed in that other territory.
2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a territory has in the other territory or of movable property pertaining to a fixed base available to a resident of a territory in the other territory 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 fixed base, may be taxed in that other territory.

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 territory in which the place of effective management of the enterprise is situated.
4. Gains derived by a resident of a territory from the alienation of shares of a company which is a resident of the other territory may be taxed in that other territory if shares owned by the alienator amount to at least 25 per cent of the total issued shares of such company at any time during the 7-year period immediately preceding the alienation of such shares.
5. Gains derived from the alienation of any property other than that referred to in the preceding paragraphs shall be taxable only in the territory of which the alienator is a resident.

Article 14

Independent Personal Services

1. Income derived by a resident of a territory in respect of professional services or other activities of an independent character shall be taxable only in that territory except in the following circumstances, when such income may also be taxed in the other territory:
 - (a) if he has a fixed base regularly available to him in the other territory for the purpose of performing his activities; in that case, only so much of the income as is attributable to that fixed base may be taxed in that other territory, or
 - (b) if his stay in the other territory is for a period or periods amounting to or exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned; in that case, only so much of the income as is derived from his activities performed in that other territory may be taxed in that other territory.
2. The term “professional services” includes especially, independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

Article 15

Dependent Personal Services

1. Subject to the provisions of Articles 16, 18, 19, 20 and 21 of this Agreement, salaries, wages and other similar remuneration derived by a resident of a territory in respect of an employment shall be taxable only in that territory unless the employment is exercised in the other territory. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other territory.
2. Notwithstanding the provisions of paragraph 1 of this Article, remuneration derived by a resident of a territory in respect of an employment exercised in the other territory shall be taxable only in the first-mentioned territory if:
 - (a) the recipient is present in the other territory for a period or periods not exceeding in the aggregate 183 days in any twelve-month period commencing or ending 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 territory, and
 - (c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other territory.
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 territory 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 territory in his capacity as a member of the board of directors of a company which is a resident of the other territory may be taxed in that other territory.

Article 17

Artistes and Sportspersons

1. Notwithstanding the provisions of Articles 14 and 15 of this Agreement, income derived by a resident of a territory as an entertainer, such as a theatre, motion

picture, radio or television artiste, or a musician, or as a sportsperson, from his personal activities as such exercised in the other territory, may be taxed in that other territory.

2. Where income in respect of personal activities exercised by an entertainer or a sportsperson in his capacity as such accrues not to the entertainer or sportsperson himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15 of this Agreement, be taxed in the territory in which the activities of the entertainer or sportsperson are exercised.
3. Income derived by a resident of a territory from activities exercised in the other territory as envisaged in paragraphs 1 and 2 of this Article, shall be exempted from tax in that other territory, if the visit to that other territory, is supported wholly or mainly by public funds of one or both of the territories, or takes place under a cultural agreement or arrangement between both territories.

Article 18

Pensions

1. Pensions and other similar remuneration paid to a resident of a territory in consideration of past employment shall be taxable only in the territory in which they arise. This provision shall also apply to annuities and to pensions and other similar remuneration paid by an entity of a territory under social security legislation in force in that territory or under a public scheme organized by that territory in order to supplement the benefits of that social security legislation.
2. 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

Public Service

1. (a) Salaries, wages and other similar remuneration, other than a pension or annuity, paid by a public authority of a territory to an individual in respect of

public services rendered to that territory shall be taxable only in that territory.

- (b) However such salaries, wages and other similar remuneration shall be taxable only in the other territory if the services are rendered in that other territory, and the individual is a resident of that other territory, who:
 - (i) is a national of that other territory, or
 - (ii) did not become a resident of that other territory solely for the purpose of rendering the services.

- 2. The provisions of Articles 15, 16, 17 and 18 of this Agreement shall apply to salaries, wages and other similar remuneration, and to pensions or annuities, in respect of services rendered in connection with a business carried on by a public authority of a territory.

Article 20

Students

- 1. Payments which a student or trainee or apprentice who is or was immediately before visiting a territory a resident of the other territory and who is present in the first-mentioned territory 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 territory, provided that such payments arise from sources outside that territory.
- 2. Payments received by the student who is or was immediately before visiting a territory a resident of the other territory and who is present in the first-mentioned territory solely for the purpose of his education or training and which constitute remuneration in respect of services performed in the first-mentioned territory are not taxable in that territory, provided that:
 - (a) the amount shall not exceed 10,000 United States dollars during each calendar year for a period not exceeding 6 years;
 - (b) the services are connected with education or training and are necessary for maintenance purposes.

Article 21

Teachers and Researchers

- 1. An individual who visits a territory for the purpose of teaching or carrying out research at a university, college or other recognized educational institution in that

territory and who is or was immediately before visiting a territory, a resident of the other territory, shall be exempted from taxation in the first-mentioned territory on remuneration for such teaching or conducting research for a period not exceeding 2 years from the date of his first visit for that purpose.

2. The provision of paragraph 1 of this Article shall not apply to income from research if such research is undertaken not in the public interest but primarily for the private benefit of a specific person or persons.

Article 22

Other Income

1. Items of income of a resident of a territory, wherever arising, not dealt with in the foregoing Articles of this Agreement shall be taxable only in that territory.
2. The provisions of paragraph 1 of this Article shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6 of this Agreement, if the recipient of such income, being a resident of a territory, carries on business in the other territory through a permanent establishment situated therein, or performs in that other territory independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14 of this Agreement, as the case may be, shall apply.
3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, items of income of a resident of a territory not dealt with in the foregoing Articles of this Agreement and arising in the other territory may also be taxed in that other territory.

Article 23

Methods for Elimination of Double Taxation

1. Double taxation shall be eliminated as follows:
 - (a) In the case of the territory referred to in paragraph 1 (a) of Article 2:

Where a resident of that territory derives income which, in accordance with the provisions of this Agreement, may be taxed in the territory referred to in paragraph 1 (b) of Article 2, the territory referred to in paragraph 1 (a) of Article 2 shall allow as a deduction from the tax on the income of that resident an amount equal to the tax paid in the territory referred to in paragraph 1 (b) of Article 2. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable to such items of income derived from the territory referred to in paragraph 1 (b) of Article 2.

- (b) In the case of the territory referred to in paragraph 1 (b) of Article 2:

Where a resident of that territory derives income from the territory referred to in paragraph 1 (a) of Article 2, the amount of tax on that income paid in the territory referred to in paragraph 1 (a) of Article 2 (but excluding, in the case of a dividend, tax paid in respect of the profits out of which the dividend is paid) and in accordance with the provisions of this Agreement, shall be credited against the tax levied in the territory referred to in paragraph 1 (b) of Article 2 imposed on that resident. The amount of credit, however, shall not exceed the amount of the tax in the territory referred to in paragraph 1(b) of Article 2 on that income computed in accordance with its taxation laws and regulations.

2. In the case of the territory referred to in paragraph 1 (a) of Article 2, the methods for elimination of double taxation will not prejudice to the provisions of the Zakat collection regime as regards Saudi nationals.

Article 24

Mutual Agreement Procedure

1. Where a person considers that the actions of one or both of the territories result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the domestic law of those territories, present his case to the competent authority of either territory. 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 this 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 a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other territory, with a view to the avoidance of taxation which is not in accordance with this Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the territories.

3. The competent authorities of both territories shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of this Agreement. They may also consult together for the elimination of double taxation in cases not provided for in this Agreement.
4. The competent authorities of the territories may communicate with each other for the purpose of reaching an agreement in the sense of the preceding paragraphs.
5. The competent authorities of the territories may by mutual agreement settle the appropriate mode of application of this Agreement and, especially, the requirements to which the residents of a territory shall be subjected in order to obtain, in the other territory, the tax reliefs or exemptions provided for by this Agreement.

Article 25

Exchange of Information

1. The competent authorities of the territories shall exchange such information as is necessary for carrying out the provisions of this Agreement or of the domestic laws of the territories concerning taxes covered by this Agreement insofar as the taxation thereunder is not contrary to this Agreement. The exchange of information is not restricted by Articles 1 and 2 of this Agreement. Any information received by a territory shall be treated as confidential in the same manner as information obtained under the domestic laws of that territory and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by this Agreement. 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 of this Article be construed so as to impose on a territory the obligation:
 - (a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other territory;
 - (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 territory;
 - (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.

3. If information is requested by a competent authority of a territory in accordance with this Article, the competent authority of the other territory shall use its information gathering measures to obtain the requested information, even though that other competent authority may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 2 of this Article but in no case shall such limitations be construed to permit a competent authority to decline to supply information solely because it has no domestic interest in such information.
4. In no case shall the provisions of paragraph 2 of this Article be construed to permit a competent authority to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.
5. The information exchanged according to the provisions of this Article shall be used only for tax purposes.

Article 26

Miscellaneous Provisions

1. Nothing in this Agreement shall affect the application of the domestic provisions to prevent tax evasion and tax avoidance.
2. Notwithstanding the provisions of any other Article of this Agreement, a resident of a territory shall not receive the benefit of any reduction in or exemption from tax provided for in the Agreement by the other territory if the main purpose or one of the main purposes of such resident or a person connected with such resident was to obtain the benefits of this Agreement.

Article 27

Entry into Force

1. Each of the Contracting Parties shall notify to the other Contracting Party in writing the completion of the procedures required by the law of the territory it represents for the entry into force of this Agreement. This Agreement shall enter into force on the first day of the second month following the month in which the latter of these notifications was received.

2. The provisions of this Agreement shall apply:
 - (a) with regard to taxes withheld at source, in respect of amounts paid or payable on or after the first day of January next following the date upon which this Agreement enters into force, and
 - (b) with regard to other taxes, in respect of taxable years beginning on or after the first day of January next following the date upon which this Agreement enters into force.

Article 28

Termination

1. This Agreement shall remain in force indefinitely but either of the Contracting Parties may terminate this Agreement by giving to the other Contracting Party a written notice of termination not later than 30 June of any calendar year starting five years after the year in which this Agreement entered into force.
2. In such event this Agreement shall cease to apply:
 - (a) with regard to taxes withheld at source, in respect of amounts paid or payable after the end of the calendar year in which such notice is given; and
 - (b) with regard to other taxes, in respect of taxable years beginning after the end of the calendar year in which such notice is given.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have signed this Agreement.

DONE in duplicate at Riyadh on Wednesday 17.4.1442 AH - 2.12.2020 in the Chinese, Arabic and English languages, all texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

**For the Taipei Economic and
Cultural Representative Office
in the Kingdom of Saudi Arabia**

**For the Council for Saudi
Chambers of Commerce and
Industry**

**Teng, Sheng-Ping
Representative**

**Ajlan bin Abdulaziz Al-Ajlan
Chairman**

PROTOCOL

Upon signing the Agreement between the Taipei Economic and Cultural Representative Office in the Kingdom of Saudi Arabia and the Council for Saudi Chambers of Commerce and Industry for the Avoidance of Double Taxation with respect to Taxes on Income and the Prevention of Tax Evasion the undersigned have agreed that the following provisions shall form an integral part of the Agreement:

1. With reference to Paragraph 1 of Article 4 of the Agreement:

It is understood that the term “resident of a territory” includes:

- (a) any individual who is liable to tax in the territory referred to in paragraph 1 (b) of Article 2 in respect only of income from sources in that territory as long as such individual is a resident in accordance with the taxation law of that territory and is taxed only in respect of income from sources in that territory;
- (b) any legal person organized under the laws of a territory and that is not liable to tax or is exempted from tax in that territory and is established and maintained in that territory either:
 - (i) exclusively for a religious, charitable, educational, scientific, or other similar purpose, or
 - (ii) to provide pensions or other similar benefits to employees pursuant to a plan.

2. With reference to Article 7 of the Agreement:

The term “business profits” includes, but is not limited to income derived from manufacturing, mercantile, banking, insurance, from the operation of inland transportation, the furnishing of services and the rental of tangible personal movable property. Such a term does not include the performance of personal services by an individual either as an employee or in an independent capacity.

3. With reference to Paragraph 3 of Article 7 of the Agreement:

In the case of the territory referred to in paragraph 1 (a) of Article 2, no such deduction shall be allowed in respect of amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission, for specific services performed or for management, or, except in the case of a banking enterprise, by way of income from debt-claims with regard to moneys lent to the permanent establishment. Likewise, no account shall be

taken, in the determination of the profits of a permanent establishment, for amounts charged (otherwise than towards reimbursement of actual expenses), by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission for specific services performed or for management, or, except in the case of a banking enterprise, by way of income from debt-claims with regard to moneys lent to the head office of the enterprise or any of its other offices.

4. In the case in which the territory referred to in paragraph 1 (a) of Article 2 introduces an income tax applicable to its resident nationals, or the existing tax will be modified accordingly, the two Contracting Parties shall enter into negotiations in order to introduce in the Agreement an article on non-discrimination.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have signed this Protocol.

DONE in duplicate at Riyadh on Wednesday 17.4.1442 AH - 2.12.2020 in the Chinese, Arabic and English languages, all texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

**For the Taipei Economic and
Cultural Representative Office
in the Kingdom of Saudi Arabia**

**For the Council for Saudi
Chambers of Commerce and
Industry**

Teng, Sheng-Ping
Representative

Ajlan bin Abdulaziz Al-Ajlan
Chairman