

AGREEMENT  
BETWEEN THE TAIPEI ECONOMIC AND CULTURAL OFFICE, PRAGUE  
AND  
THE CZECH ECONOMIC AND CULTURAL OFFICE IN TAIPEI  
CONCERNING  
THE ENTRY INTO OPERATION OF THE  
PROVISIONS ON THE AVOIDANCE OF DOUBLE TAXATION AND THE  
PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The Provisions on the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, that are attached as an Annex of this Agreement, will be applied in the territory where the taxation laws administered by the Ministry of Finance, Taipei are applied and in the territory where the Ministry of Finance of the Czech Republic is the central organ for taxes.

The Czech Economic and Cultural Office in Taipei will inform in writing the Taipei Economic and Cultural Office, Prague about the introduction of the Provisions into the Czech national legal order and, accordingly, about the envisaged date of their entry into operation.

In response, the Taipei Economic and Cultural Office, Prague will inform in writing the Czech Economic and Cultural Office in Taipei that the Provisions have become applicable in the territory where the taxation laws administered by the Ministry of Finance, Taipei are applied, and will confirm that the envisaged date of the entry into operation of the Provisions is identical to the date indicated in the letter of the Czech Economic and Cultural Office in Taipei.

The Taipei Economic and Cultural Office, Prague and the Czech Economic and Cultural Office in Taipei will inform each other in writing about any possible modification of legislation or policy that would result in the suspension or termination of the above mentioned Provisions.

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

Done in Prague, on December 12, 2017, in two originals in the English language.

For the Taipei Economic and Cultural Office,  
Prague

For the Czech Economic and Cultural Office  
in Taipei:

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Chung-I Wang  
Representative

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Václav Jílek  
Representative

## PROVISIONS

### ON THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME (hereinafter referred to as "Provisions" )

#### Article 1 PERSONS COVERED

These Provisions will apply to persons who are residents of one or both of the territories referred to in sub-paragraphs a) and b) of paragraph 1 of Article 2.

#### Article 2 TAXES COVERED

1. The existing taxes to which the Provisions will apply are in particular:
  - a) in the territory where the Ministry of Finance of the Czech Republic is the central organ for taxes:
    - (i) the tax on income of individuals;
    - (ii) the tax on income of legal persons;
  - b) in the territory where the taxation laws administered by the Ministry of Finance, Taipei are applied:
    - (i) the profit-seeking enterprise income tax;
    - (ii) the individual consolidated income tax;
    - (iii) the income basic tax.
2. The Provisions will apply also to any identical or substantially similar taxes that are imposed after the date of December 12, 2017 in addition to, or in place of, the existing taxes. The competent authority of a territory will notify the competent authority of the other territory of any significant changes that have been made in the taxation laws applicable in the first-mentioned territory.

#### Article 3 GENERAL DEFINITIONS

1. For the purposes of these Provisions, unless the context otherwise requires:
  - a) the terms "a territory" and "the other territory" mean the territory referred to in sub-paragraph a) of paragraph 1 of Article 2 or the territory referred to in sub-paragraph b) of paragraph 1 of Article 2, as the context requires;
  - b) the term "person" includes an individual, a company and any other body of persons;
  - 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 “national” means:
    - (i) any individual who, under the laws of a territory, is considered to be a national of that territory;
    - (ii) any legal person, partnership or association deriving its status as such from the laws in force in a territory;
  - f) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise of a territory, except when the ship or aircraft is operated solely between places in the other territory;
  - g) the term “competent authority” means:
    - (i) in the case of the territory referred to in sub-paragraph a) of paragraph 1 of Article 2, the Minister of Finance or his authorized representative;
    - (ii) in the case of the territory referred to in sub-paragraph b) of paragraph 1 of Article 2, the Minister of Finance or his authorized representative.
2. As regards the application of the Provisions at any time by a territory, any term not defined therein will, 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 the Provisions apply, 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 these Provisions, 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 effective management, place of incorporation or any other criterion of a similar nature, and also includes that territory and any political subdivision or local authority thereof.
2. A person is not a resident of a territory for the purposes of these Provisions if that person is liable to tax in that territory in respect only of income from sources in that territory, provided that this paragraph will not apply to individuals who are residents of the territory referred to in sub-paragraph b) of paragraph 1 of Article 2, as long as resident individuals are taxed only in respect of income from sources in that territory in accordance with its Income Tax Act.
3. Where by reason of the provisions of paragraphs 1 and 2 an individual is a resident of both territories, then his status will be determined as follows:
  - a) he will 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 will be deemed to be a resident only of the territory with which his personal and economic relations are closer (centre of vital interests);
  - b) if the territory in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either territory, he will 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 will settle the question by mutual agreement.
4. Where by reason of the provisions of paragraphs 1 and 2 a person other than an individual is a resident of both territories, the competent authorities of the territories will endeavour to determine by mutual agreement the territory of which such person will be deemed to be a resident for the purposes of these Provisions, having regard to its place of effective management, the place where it is incorporated or otherwise constituted and any other relevant factors. In the absence of such agreement, such person will not be entitled to any relief or exemption from tax provided by these Provisions except to the extent and in such manner as may be agreed upon by the competent authorities of the territories.

## Article 5 PERMANENT ESTABLISHMENT

1. For the purposes of these Provisions, the term “permanent establishment” means a fixed place of business through which the business of an enterprise is wholly or partly carried on.
2. The term “permanent establishment” includes especially:
  - a) a place of management;
  - b) a branch;
  - c) an office;
  - d) a factory;
  - e) a workshop, and
  - f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.
3. The term “permanent establishment” likewise encompasses:
  - a) a building site or a construction, assembly or installation project or supervisory activities in connection therewith, but only where such site, project or activities continue for a period of more than twelve months;
  - b) the furnishing of services by an enterprise of a territory through employees or other personnel engaged by the enterprise for such purpose, but only where activities of that nature continue in the other territory for a period or periods exceeding in the aggregate nine months within any twelve-month period.
4. Notwithstanding the preceding provisions of this Article, the term “permanent establishment” will 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;

- f) the maintenance of a fixed place of business solely for any combination of activities mentioned in sub-paragraphs a) to e),  
provided that such activity or, in the case of sub-paragraph f), the overall activity of the fixed place of business, is of a preparatory or auxiliary character.
5. Notwithstanding the provisions of paragraphs 1 and 2, where a person - other than an agent of an independent status to whom paragraph 6 applies - is acting on behalf of an enterprise and has, and habitually exercises, in a territory an authority to conclude contracts in the name of the enterprise, that enterprise will be deemed to have a permanent establishment in that territory in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.
6. An enterprise will not be deemed to have a permanent establishment in a territory merely because it carries on business in that 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), will 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” will have the meaning which it has under the law of the territory in which the property in question is situated. The term will 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 and aircraft will not be regarded as immovable property.
3. The provisions of paragraph 1 will 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 will 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 will 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, where an enterprise of a territory carries on business in the other territory through a permanent establishment situated therein, there will 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 determining the profits of a permanent establishment, there will be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the territory in which the permanent establishment is situated or elsewhere.
4. 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 will preclude that territory from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted will, however, be such that the result will be in accordance with the principles contained in this Article.
5. No profits will be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.
6. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment will be determined by the same method year by year unless there is good and sufficient reason to the contrary.
7. Where profits include items of income which are dealt with separately in other Articles of these Provisions, then the provisions of those Articles will not be affected by the provisions of this Article.

## Article 8 SHIPPING AND AIR TRANSPORT

1. Profits of an enterprise of a territory derived from the operation of ships or aircraft in international traffic will be taxable only in that territory.
2. For the purpose of this Article, and notwithstanding the provisions of Article 12, profits from the operation of ships or aircraft in international traffic include:
  - a) profits from the rental on a full (time or voyage) basis or a bareboat basis of ships or aircraft; and
  - b) profits from the use, maintenance or rental of containers (including trailers and related equipment for the transport of containers) used for the transport of goods or merchandise,

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

3. The provisions of paragraph 1 will also apply to profits from the participation in a pool, a joint business or an international operating agency, but only to so much of the profits so derived as is attributable to the participant in proportion to its share in the joint operation.

## Article 9 ASSOCIATED ENTERPRISES

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.

## 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 will not exceed 10 per cent of the gross amount of the dividends.  
This paragraph will 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 or other rights, not being debt-claims, participating in profits, as well as other income which is subjected to the same taxation treatment as income from shares by the laws of the territory of which the company making the payment is a resident.
4. The provisions of paragraphs 1 and 2 will 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, as the case may be, will 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 INTEREST

1. Interest arising in a territory and paid to a resident of the other territory may be taxed in that other territory.
2. However, such interest 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 interest is a resident of the other territory, the tax so charged will not exceed 10 per cent of the gross amount of the interest.
3. Notwithstanding the provisions of paragraph 2, interest arising in a territory and beneficially owned by a resident of the other territory will be taxable only in that other territory if such interest is paid:
  - a) in connection with the sale on credit of any merchandise or equipment;
  - b) to the Government of the other territory, including any political subdivision or local authority thereof, the Central Bank or any financial institution controlled or wholly owned by that Government;
  - c) to a resident of the other territory in connection with a loan or credit guaranteed or insured by the Government of the other territory, including any political subdivision or local authority thereof, the Central Bank or any financial institution controlled or wholly owned by that Government.
4. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment will not be regarded as interest for the purposes of this Article. The term "interest" will not include any item of income which is considered as a dividend under the provisions of paragraph 3 of Article 10.
5. The provisions of paragraphs 1, 2 and 3 will not apply if the beneficial owner of the interest, being a resident of a territory, carries on business in the other territory in which the interest 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-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, will apply.
6. Interest will be deemed to arise in a territory when the payer is a resident of that territory. Where, however, the person paying the interest, 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 the interest is paid was incurred, and such interest is borne by



such permanent establishment or fixed base, then such interest will 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 interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article will apply only to the last-mentioned amount. In such case, the excess part of the payments will remain taxable according to the laws of each territory, due regard being had to the other provisions of these Provisions.

## 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 will not exceed:
  - a) 5 per cent of the gross amount of the royalties paid as a consideration for the use of, or the right to use, industrial, commercial, or scientific equipment, and
  - b) 10 per cent of the gross amount of the royalties in all other cases.
3. The term “royalties” as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films, and films or tapes for television or radio broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or any industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.
4. The provisions of paragraphs 1 and 2 will 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, as the case may be, will apply.
5. Royalties will 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 will 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 will apply only to the last-mentioned amount. In such case, the excess part of the payments will remain taxable according to the laws of each territory, due regard being had to the other provisions of these Provisions.

### Article 13 CAPITAL GAINS

1. Gains derived by a resident of a territory from the alienation of immovable property referred to in Article 6 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 derived by an enterprise of a territory from the alienation of ships or aircraft operated in international traffic or of movable property pertaining to the operation of such ships or aircraft, will be taxable only in that territory.
4. Gains derived by a resident of a territory from the alienation of shares or other interests deriving more than 50 per cent of their value directly or indirectly from immovable property situated in the other territory may be taxed in that other territory.
5. Gains from the alienation of any property, other than that referred to in paragraphs 1, 2, 3 and 4 will 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 will 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 the 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  
INCOME FROM EMPLOYMENT

1. Subject to the provisions of Articles 16, 18 and 19, salaries, wages and other similar remuneration derived by a resident of a territory in respect of an employment will 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, remuneration derived by a resident of a territory in respect of an employment exercised in the other territory will be taxable only in the first-mentioned territory if all the following conditions are met:
  - 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. The term “employer” mentioned in sub-paragraph b) of paragraph 2 means the person having right on the work produced and bearing the responsibility and risk connected with the performance of the work.
4. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated by an enterprise of a territory in international traffic, may be taxed in that territory.

Article 16  
DIRECTORS' FEES

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

Article 17  
ARTISTES AND SPORTSMEN

1. Notwithstanding the provisions of Articles 14 and 15, 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 sportsman, 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 sportsman in his capacity as such accrues not to the entertainer or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the territory in which the activities of the entertainer or sportsman are exercised.

Article 18  
PENSIONS

1. Pensions and any other similar remuneration (including government service pensions and payments made under social security legislation) arising in a territory and paid to a resident of the other territory will be taxable only in the first-mentioned territory.
2. The provisions of paragraph 1 will apply to pensions and any other similar remuneration paid to a resident of a territory, regardless of whether these pensions and any other similar remuneration are paid in consideration of past employment.

Article 19  
GOVERNMENT SERVICE

1. a) Salaries, wages and other similar remuneration, other than a pension, paid by a territory or a political subdivision or a local authority thereof to an individual in respect of services rendered to that territory or subdivision or authority will be taxable only in that territory.  
b) However, such salaries, wages and other similar remuneration will be taxable only in the other territory if the services are rendered in that territory and the individual is a resident of that territory who:
  - (i) is a national of that territory; or
  - (ii) did not become a resident of that territory solely for the purpose of rendering the services.
2. The provisions of Articles 15, 16, 17 and 18 will apply to salaries, wages and other similar remuneration in respect of services rendered in connection with a business carried on by a territory or a political subdivision or a local authority thereof.

Article 20  
STUDENTS

Payments which a student or business 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 will not be taxed in that territory, provided that such payments arise from sources outside that territory.

Article 21  
OTHER INCOME

1. Items of income of a resident of a territory, wherever arising, not dealt with in the foregoing Articles of these Provisions will be taxable only in that territory.
2. The provisions of paragraph 1 will not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, 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 14, as the case may be, will 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 these Provisions and arising in the other territory may also be taxed in that other territory.

## Article 22 ELIMINATION OF DOUBLE TAXATION

1. In the case of a resident of the territory referred to in sub-paragraph b) of paragraph 1 of Article 2, double taxation will be eliminated as follows:  
Where a resident of this territory derives income from the other territory, the amount of tax on that income paid in the other territory (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 these Provisions, will be credited against the tax levied in the first-mentioned territory on that resident. The amount of credit, however, will not exceed the amount of the tax in this territory on that income computed in accordance with its taxation laws and regulations.
2. Subject to the provisions of other tax laws of the territory referred to in sub-paragraph a) of paragraph 1 of Article 2 regarding the elimination of double taxation, in the case of a resident of this territory, double taxation will be eliminated as follows:  
This territory, when imposing taxes on its residents, may include in the tax base upon which such taxes are imposed the items of income which according to the provisions of these Provisions may also be taxed in the other territory, but will allow as a deduction from the amount of tax computed on such a base an amount equal to the tax paid in the other territory. Such deduction will not, however, exceed that part of the tax of the first-mentioned territory, as computed before the deduction is given, which is appropriate to the income which, in accordance with the provisions of these Provisions, may be taxed in the other territory.
3. Where in accordance with any provision of these Provisions income derived by a resident of a territory is exempt from tax in that territory, such territory may nevertheless, in calculating the amount of tax on the remaining income of such resident, take into account the exempted income.

## Article 23 NON-DISCRIMINATION

1. Nationals of a territory will not be subjected in the other territory to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other territory in the same circumstances, in particular with respect to residence, are or may be subjected. This provision will,

notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the territories.

2. The taxation on a permanent establishment which an enterprise of a territory has in the other territory or a fixed base available to a resident of a territory in the other territory will not be less favourably levied in that other territory than the taxation levied on enterprises or residents of that other territory carrying on the same activities.
3. Nothing in this Article will be construed as obliging a territory to grant to residents of the other territory any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.
4. Except where the provisions of Article 9, paragraph 7 of Article 11, or paragraph 6 of Article 12, apply, interest, royalties and other disbursements paid by an enterprise of a territory to a resident of the other territory will, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first- mentioned territory.
5. Enterprises of a territory, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other territory, will not be subjected in the first-mentioned territory 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 the first-mentioned territory are or may be subjected.
6. The provisions of this Article will apply to taxes which are the subject of these Provisions.
7. This Article will not be construed so as to apply to any provision of the laws of a territory which is designed for the purpose of the promotion of economic development and public policy and is not applicable in the case of a permanent establishment of an enterprise which is a resident of the other territory provided that the first-mentioned territory does not impose income tax on the earnings which are repatriated to that enterprise by its permanent establishment.

#### 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 these Provisions, he may, irrespective of the remedies provided by the domestic law of those territories, present his case to the competent authority of the territory of which he is a resident or, if his case comes under paragraph 1 of Article 23, to that of the territory of which he is a national. 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 these Provisions.
2. The competent authority will 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 these Provisions. Any agreement reached will be implemented notwithstanding any time limits in the domestic law of the territories.

3. The competent authorities of the territories will endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Provisions. They may also consult together for the elimination of double taxation in cases not provided for in the Provisions.
4. The competent authorities of the territories may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

## Article 25 EXCHANGE OF INFORMATION

1. The competent authorities of the territories will exchange such information as is foreseeably relevant for carrying out the provisions of these Provisions or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the territories, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Provisions. The exchange of information is not restricted by Articles 1 and 2.
2. Any information received under paragraph 1 by a territory will be treated as secret in the same manner as information obtained under the domestic laws of that territory and will 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 referred to in paragraph 1. Such persons or authorities will use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions. Notwithstanding the foregoing, information received by a territory may be used for other purposes when such information may be used for such other purposes under the laws of both territories and the competent authority of the supplying territory authorizes such use.
3. In no case will the provisions of paragraphs 1 and 2 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 (ordre public).
4. If information is requested by a territory in accordance with this Article, the other territory will use its information gathering measures to obtain the requested information, even though that other territory may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case will such limitations be construed to permit a territory to decline to supply information solely because it has no domestic interest in such information.

5. In no case will the provisions of paragraph 3 be construed to permit a territory 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.

#### Article 26 LIMITATION OF BENEFITS

1. The competent authority of a territory may deny the benefits of these Provisions to any person, or with respect to any transaction, if in its opinion the granting of those benefits would constitute an abuse of these Provisions.
2. These Provisions will in no case prevent either territory from applying the provisions of its domestic laws that are aimed at the prevention of fiscal avoidance or evasion.

#### Article 27 PRINCIPLE OF RECIPROCITY

These Provisions will be based, if not otherwise stipulated, strictly and exclusively on the principle of reciprocity.

#### Article 28 THE APPLICATION OF THE PROVISIONS

1. The Czech Economic and Cultural Office in Taipei and the Taipei Economic and Cultural Office, Prague will notify each other when the procedure enabling the application of these Provisions in the respective territory have been completed.
2. The Provisions will be applied:
  - a) in respect of taxes withheld at source:
    - (i) in the territory referred to in sub-paragraph a) of paragraph 1 of Article 2, to income paid or credited on or after 1st January in the calendar year next following that in which the latter notification has been made;
    - (ii) in the territory referred to in sub-paragraph b) of paragraph 1 of Article 2, to income payable on or after 1st January in the calendar year next following that in which the latter notification has been made;
  - b) in respect of other taxes on income, to income in any taxable year beginning on or after 1st January in the calendar year next following that in which the latter notification has been made.

#### Article 29 SUSPENSION AND TERMINATION OF THE APPLICATION OF THE PROVISIONS

1. These Provisions will remain applicable until a decision on their suspension or termination has been made by the respective competent authority in one of the territories.



2. When such decision is made in accordance with the previous paragraph, the Czech Economic and Cultural Office in Taipei or the Taipei Economic and Cultural Office, Prague will notify that such decision has been made and, consequently, that the Provisions are no more applicable in the respective territory. The Provisions will cease to be applied in both territories as follows:
- a) in respect of taxes withheld at source:
    - (i) in the territory referred to in sub-paragraph a) of paragraph 1 of Article 2, to income paid or credited on or after 1st January in the calendar year next following that in which the notification has been made;
    - (ii) in the territory referred to in sub-paragraph b) of paragraph 1 of Article 2, to income payable on or after 1st January in the calendar year next following that in which the notification has been made;
  - b) in respect of other taxes on income, to income in any taxable year beginning on or after 1st January in the calendar year next following that in which the notification has been made.