

法規名稱：AGREEMENT BETWEEN THE TAIPEI ECONOMIC AND CULTURAL OFFICE IN TEL AVIV AND THE ISRAEL ECONOMIC AND CULTURAL OFFICE IN TAIPEI FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

簽訂日期：民國 98 年 12 月 24 日

生效日期：民國 98 年 12 月 24 日

The Taipei Economic and Cultural Office in Tel-Aviv and the Israel Economic and Cultural Office in Taipei DESIRING to conclude an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, HAVE AGREED as follows:

Article 1 PERSONS COVERED

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

Article 2 TAXES COVERED

- 1.This Agreement shall apply to taxes on income imposed by either of the territories or by their local authorities, irrespective of the manner in which they are levied.
- 2.There shall be regarded as taxes on income all taxes imposed on total income or on elements of income, including taxes on gains from the alienation of movable or immovable property, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.
- 3.The existing taxes to which the Agreement shall apply are in particular:
 - a)in the territory in which the taxation law administered by the Taxation Agency, Ministry of Finance, Taipei is applied:
 - (i)the profit seeking enterprise income tax;
 - (ii)the individual consolidated income tax;
 - (iii)the income basic tax;
 - b)in the territory in which the taxation law



administered by Israeli Tax Authority or State Revenue Administration is applied:

- (i) the income tax and company tax (including tax on capital gains);
- (ii) the tax imposed on gains from the alienation of real property according to the Real Estate Taxation Law.

4. The Agreement shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Agreement in addition to, or in place of, the existing taxes. The competent authorities of the 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 3(a) or 3(b) of Article 2 of this Agreement, as the context requires, and "the other territory" and "territories" shall be construed accordingly;
 - 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 "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;

f) the term "competent authority" means:

(i) in the territory in which the taxation law administered by the Taxation Agency, Ministry of Finance, Taipei is applied, the Director-General of Taxation Agency or his authorized representative;

(ii) in the territory in which the taxation law administered by the Israeli Tax Authority or State Revenue Administration is applied, the General Directors of Revenues and Taxes or their authorized representative.

2. As regards the application of the 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 the 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 and also includes the authority administering a territory or any subdivision or local authority thereof. 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 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 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, he shall be deemed to be a resident only of the territory in which he has a permanent home available to him;
- c) if he has a permanent home available to him in both territories 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;
- d) if he has a 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 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 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. A building site or construction, assembly or installation project or a supervisory activity connected therewith constitutes a permanent establishment only if it lasts more than 6 months.
- 4. An enterprise of a territory shall be deemed to have a permanent establishment in the other territory if:
 - a) it carries on supervisory activities for more than six months in connection with a building site or construction or installation project which is being undertaken in the other territory;
 - b) it furnishes services, including consultancy services, through employees or other personnel or persons engaged by the enterprise for such purpose, but only where activities of that nature continue for the same or a connected project, for a period or periods aggregating more than 183 days within any twelve-month period.
- 5. 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 sub-paragraphs (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.
6. Notwithstanding the provisions of paragraphs 1 and 2, where a person - other than an agent of an independent status to whom paragraph 7 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 shall 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 5 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.
7. An enterprise shall 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.



8.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. The 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 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.
- 4.The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of 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, 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 determining the profits of a permanent establishment, there shall 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 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.

- 5.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.
- 6.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.
- 7.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 derived by an enterprise of a territory from the operation of ships or aircraft in international traffic shall be taxable only in that territory.
- 2.For the purpose of this Article, 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 and related equipment 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 shall 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

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 competent authority of 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 10 per cent of the gross amount of the dividends. The competent authorities of the territories shall by mutual agreement settle the mode of application of these limitations. 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, 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 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 a 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, 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 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 shall not exceed:
 - a) 7 per cent of the gross amount of the interest



arising in a territory and paid on any loan of whatever kind granted by a bank of the other territory.

b)10 per cent of the gross amount of the interest in all other cases.

The competent authorities of the territories shall by mutual agreement settle the mode of application of this limitation.

3. Notwithstanding the provisions of paragraph 2, interest arising in a territory shall be exempt from tax in that territory if it is paid:

a) to the authority administering the other territory or a local authority or the Central Bank thereof in relation to any loan, debt-claim or credit granted by any such bodies;

b) in respect to a loan, debt-claim or credit guaranteed or insured by an institution for insurance or financing of international trade transactions which is wholly owned by the other territory or the authority administering the other territory.

4. The provisions of paragraphs 1 and 2 shall not apply if an interest arising in a territory is paid to a resident of the other territory, and the recipient is the beneficial owner of the interest, and the interest is paid with respect to indebtedness arising on the sale on credit, by that resident, of any merchandise or industrial, commercial or scientific equipment to a resident of the first-mentioned territory. In such case the provisions of Article 7 shall apply.

5. 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 shall not be regarded as interest for the purpose of this Article.

6. The provisions of paragraphs 1 and 2 shall 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, shall apply.
7. Interest shall 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 shall be deemed to arise in the territory in which the permanent establishment or fixed base is situated.
8. 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 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 10 per cent of the gross amount of the royalties. The competent authorities of the territories shall by mutual agreement settle the mode of application of this limitation.
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 (including copyright of literary, artistic work or cinematograph films), any patent, trade mark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience, or for the use or the right to use a person's name, picture or any other similar personality right.
4. The provisions of paragraphs 1 and 2 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, 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 and situated in the other territory, or from the alienation of any option or similar right to acquire such an immovable property, may be taxed in that other territory.
2. Gains derived by a resident of a territory from the alienation of shares or of a comparable interest of any kind deriving more than 50 percent of their value, directly or indirectly, from immovable property situated in the other territory may be taxed in that other territory.
3. 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.
4. Gains derived by an enterprise of a territory 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 that territory.
5. Gains from the alienation of any property other than that referred to in paragraphs 1, 2, 3 and 4, shall be taxable only in the territory of which the alienator is a resident, if that resident is the beneficial owner of such capital gains.

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 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; in that case, only so much income as is derived from his activities performed in the other territory may be taxed in that 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, 19, and 20, 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, 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 calendar 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 by an enterprise of a territory, may be taxed in that territory.

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, 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 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.

3. The provisions of paragraphs 1 and 2 shall not apply to income derived from activities exercised in a territory by an entertainer or sportsman if the visit to that territory is wholly or mainly supported by public funds of one or both of the authorities administering a territory or any subdivision or local authority thereof. In such a case, the income shall be taxable in accordance with the provisions of Article 7, 14 or 15, as the case may be.

Article 18 PENSIONS

1. Subject to the provisions of paragraph 2 of Article 19, pensions and other similar remuneration paid to a resident of a territory in consideration of past employment shall be taxable only in that territory.
2. Notwithstanding the provisions of paragraph 1, pensions and other payments made under the social security legislation of a territory shall be taxable only in that territory.

Article 19 PUBLIC SERVICE

1.
 - a) Salaries, wages and other similar remuneration, other than a pension, paid by an authority administering a territory or any subdivision or a local authority thereof to an individual in respect of services rendered to that administering authority or subdivision or local authority 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 territory and the individual is a resident of that territory who:

i)is a citizen or national of that territory; or

ii)did not become a resident of that territory solely for the purpose of rendering the services.

2.

a)Any pension paid by, or out of funds created by, an authority administering a territory or any subdivision or a local authority thereof to an individual in respect of services rendered to that administering authority or subdivision or local authority shall be taxable only in that territory.

b)However, such pension shall be taxable only in the other territory if the individual is a resident of, and a citizen or national of, that territory.

3.The provisions of Articles 15, 16, 17, and 18 shall apply to salaries, wages and other similar remuneration, and to pensions in respect of services rendered in connection with a business carried on by an authority administering a territory or any subdivision or a local authority thereof.

Article 20 PROFESSORS AND RESEARCHERS

1.A resident of a territory who, at the invitation of a university, college, school or other similar institution, situated in the other territory and recognized by the authority administering that other territory, is temporarily present in that



other territory solely for the purpose of teaching, or engaging in research, or both, at the educational institution shall, for a period not exceeding two years from the date of his first arrival in that other territory, be exempt from tax in that other territory for his remuneration for such teaching or research.

2. The provisions of paragraph 1 shall not apply to any remuneration for research if such research is undertaken not in the public interest but for the private benefit of a specific person or persons.

Article 21 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 shall not be taxed in that territory, provided that such payments arise from sources outside that territory.

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 shall 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 Article 14, as the case may be, shall apply.

Article 23 ELIMINATION OF DOUBLE TAXATION

1. In the case of the territory referred to in paragraph 3(a) of Article 2 of this Agreement double taxation shall be avoided as follows:
Where a resident of that territory derives income from the other territory, the amount of tax on that income paid in the last-mentioned 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 this Agreement, shall be credited against the tax levied in the first-mentioned territory imposed on that resident. The amount of credit, however, shall not exceed the amount of the first-mentioned territory tax on that income computed in accordance with its taxation laws and regulations.
2. In the case of the territory referred to in paragraph 3(b) of Article 2 of this Agreement double taxation shall be avoided as follows:
Where a resident of that territory derives income which, in accordance with the provisions of this Agreement, may be taxed in the other territory, the first-mentioned territory shall (subject to the laws of the first-mentioned territory regarding the allowance of a credit of foreign taxes, which shall not affect the general principle contained in this paragraph) allow as a deduction from the tax on the income of that resident, an amount equal to the income tax paid



in the last-mentioned territory. Such deduction shall not, however, exceed that part of the income tax as computed before the tax credit is given, which is attributable, as the case may be, to the income which may be taxed in the last-mentioned territory.

Article 24 NON-DISCRIMINATION

1. Citizens or nationals of a territory shall 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 citizens or nationals of that other territory in the same circumstances, in particular with respect to residence, are or may be subjected. This provision shall, 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 shall not be less favorably levied in that other territory than the taxation levied on enterprises of that other territory carrying on the same activities. This provision shall not 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.
3. Except where the provisions of paragraph 1 of Article 9, paragraph 8 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



shall, 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.

4. 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, shall 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.
5. The provisions of this Article shall apply to taxes which are the subject of this Agreement.

Article 25 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 the territory, 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 24, to that of the territory of which he is a citizen or 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 the Agreement.
2. The competent authority shall endeavor, 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 the Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the territories.

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

Article 26 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 concerning taxes covered by this Agreement imposed on behalf of the territories, or of their subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Agreement. The exchange of information is not restricted by Article 1. Any information received by a territory shall be treated as secret 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 referred to in the first sentence. 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 be construed so as to impose on a territory the obligation:
 - a) to carry out administrative measures at variance with the laws or the 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.

Article 27 LIMITATION OF BENEFITS

1. 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.
2. The Agreement shall not prevent a territory from applying its domestic law on the prevention of tax evasion or tax avoidance.
3. The benefits under this Agreement shall not be granted to a person who is not the beneficial owner of the item of income.

Article 28 ENTRY INTO FORCE

- 1.This Agreement shall enter into force on the date of the last signature.
- 2.This Agreement shall be applicable to income derived on or after 1 January of the calendar year following the year in which the Agreement enters into force. On that date, the Memorandum of Understanding Concerning Reciprocal Exemption with Respect to Income Tax on Shipping Enterprises between the Taipei Economic and Cultural Office in Tel-Aviv and the Israel Economic and Cultural Office in Taipei shall cease to have effect.

Article 29 TERMINATION

- 1.This Agreement shall remain in force until terminated by the Taipei Economic and Cultural Office in Tel-Aviv or the Israel Economic and Cultural Office in Taipei. Either of them may terminate the Agreement by giving notice of termination at least six months before the end of any calendar year beginning after the expiration of a period of five years from the date of its entry into force.
- 2.The Agreement shall cease to have effect on income derived on or after 1 January of the calendar year following that in which such notice has been given.

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

Done at Taipei this 18th, day of December 2009 in duplicate in the English language.

Done at Tel Aviv this 24th day of December 2009 in duplicate in the English language.

Gan Cheng Ting

R. Gamzou



For the Taipei Economic and
Cultural Office in Tel-Aviv

For the Israel Economic and
Cultural Office in Taipei

ANNEX

Upon signing the Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income between the Taipei Economic and Cultural Office in Tel-Aviv and the Israel Economic and Cultural Office in Taipei have agreed that the following provisions shall form an integral part of the Agreement:

1. Ad Paragraph 1 of Article 4

It is understood that as long as residents individuals of the territory referred to in paragraph 3(a) of Article 2 of this Agreement are taxed only in respect to income from sources in that territory, the term "resident of a territory" includes a person who is liable to tax in that territory in respect only of income from sources in that territory.

2. Ad Paragraph 3 of Article 7

It is understood that the provisions of this paragraph do not apply to expenses which would not be deductible if the permanent establishment was a separate enterprise of the territory in which it is located.

3. Ad Article 10

If, an agreement for the avoidance of double taxation or a protocol amending such an agreement is signed after the signature of this Agreement between the territory referred to in paragraph 3(a) of Article 2 and a third territory, being a member of the Organisation for Economic Co-operation and Development (OECD), (hereinafter in this paragraph and paragraph 4 referred as " the other agreement "), and the first-mentioned territory would exempt dividends from tax or reduce the rate of tax on dividends below 10 per cent according to the other agreement, such exemption or reduced

rate shall automatically apply, as if it had been specified in this Agreement, with effect from the date on which the provisions of the other agreement enter into force or from the date on which this agreement enters into force, whichever is later.

This provision shall apply to dividends if the beneficial owner of the dividends shall meet the same requirements for the exemption or the reduced rate of the other agreement.

4. Ad Article 12

If, in the other agreement, the first mentioned territory would exempt royalties from tax or reduce the rate of tax on royalties below 10 per cent, such exemption or reduced rate shall automatically apply as if it had been specified in this Agreement, with effect from the date on which the provisions of the other agreement enter into force or from the date on which this agreement enters into force, whichever is later.

5. Ad Paragraph 1 of Article 14

If income derived by a resident of a territory in respect of professional services or other activities of an independent character is taxed in the other territory, there shall be allowed as deductions expenses which are incurred for the purposes of performing such services in determining the taxable income.

6. Tax relief

Relief provided in this Agreement to a resident of a territory by the tax authorities of the other territory shall be conditioned upon the presentation of a certificate of residence indicating the relevant income, signed by the tax authorities of the first-mentioned territory.

7. Partnerships

a) This Agreement shall not prevent a territory from taxing resident partners on their share of the income of a partnership that is treated as a resident of the other territory.

b) Each territory shall allow credit for tax paid in the other



territory in respect to income derived in that other territory even if that income is regarded in one territory as an income of a partnership and in the other territory as an income of the partners.

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

Done at Taipei this 18th day of December 2009 in duplicate in the English language.

Done at Tel Aviv this 24th day of December 2009 in duplicate in the English language.

Gan Cheng Ting

R. Gamzou

For the Taipei Economic and
Cultural Office in Tel-Aviv

For the Israel Economic and
Cultural Office in Taipei