



Agreement
between the Lebanese Republic and the Syrian Arab Republic
for the Avoidance of Double Taxation
and the Prevention of Fiscal Evasion with Respect to Taxes on Income
[Informal Translation]

The Government of the Lebanese Republic, and the Government of the Syrian Arab Republic, desiring to reinforce and promote their economic cooperation through the conclusion of 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: Personal Scope

This Agreement shall apply to persons who are residents of either or both Contracting States.

Article 2: Taxes Covered

1. This Agreement shall apply to taxes on income imposed in either Contracting States or by their local authorities, irrespective of the manner in which they are levied.
2. Shall be deemed as taxes on income all taxes imposed on the gross income or on income constituents, including taxes on profits generated from the alienation of movable or immovable property, as well as taxes on the gross amount of wages or salaries paid by the employers and taxes on capital appreciation.
3. The existing taxes to which this Agreement shall apply shall be:
 - a. In the case of Lebanon:
 - Income tax on commercial industrial, and non commercial profits;
 - Income tax on salaries, wages and pensions;
 - Income tax on movable properties;
 - Tax on built property;
 - Additions and increments to the abovementioned taxes, imposed at a certain percentage or by any other method or percentage;(Hereinafter referred to as "*Lebanese tax*")
 - b. In the case of Syria:
 - Income tax on commercial industrial, and non commercial profits;
 - Income tax on salaries and wages;
 - Income tax on nonresident;
 - Income tax on returns from movable and immovable capital;
 - Additions and increments to the abovementioned taxes, imposed at a certain percentage or by any other method or percentage;(Hereinafter referred to as "*Syrian tax*")
4. This Agreement shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of this Agreement in addition to, or in place of, the existing taxes. The competent authorities of both Contracting States shall notify each other of any substantial changes which have been made in their respective taxation laws within a period not exceeding six months from the entry into force of such changes.

Article 3: General Definitions

1. For the purposes of this Agreement, unless the context otherwise requires:
 - a. The terms "*the Contracting State*" and "*the other Contracting State*" shall mean Lebanon or Syria as the context requires;



- b. The term "*Lebanon*" shall mean the territory of the Lebanese Republic including its territorial sea, continental shelf, and subsoil underneath, the air space above them and all the other regions outside the Lebanese territorial waters over which Lebanon exercises sovereign rights, in accordance with the international law and its internal legislation for the purpose of exploring and exploiting the natural, biological and mine resources as well as all the other rights existing in the sea waters, soil and sub-seabed;
 - c. The term "*Syria*" shall mean the territory of the Syrian Arab Republic including its territorial sea, continental shelf, and subsoil underneath, the air space above them and all the other regions outside the Syrian territorial waters over which Syria exercises sovereign rights, in accordance with the international law and its internal legislation for the purpose of exploring and exploiting the natural, biological and mine resources as well as all the other rights existing in the sea waters, soil and sub-seabed;
 - d. The term "*tax*" shall mean the Lebanese or Syrian tax as the context requires;
 - e. The term "*person*" shall include an individual, company and any other body of persons in either Contracting State;
 - f. The term "*company*" shall mean any corporate body or any other entity treated as a corporate body for tax purposes;
 - g. The terms "*enterprise of a Contracting State*" and "*enterprise of the other Contracting State*" shall mean respectively an enterprise managed and exploited by a resident of a Contracting State and an enterprise managed and exploited by a resident in the other Contracting State;
 - h. The term "*national*" shall mean:
 1. Any individual possessing the nationality of either Contracting State;
 2. Any legal person, company or body deriving its status as such from the laws in force in a Contracting State;
 - i. The term "*international traffic*" shall mean any transport by a ship, boat, aircraft or road transport vehicle operated by an enterprise which has its place of effective management in a Contracting State, except when the ship, boat, aircraft or road transport vehicle is operated solely between places situated in the other Contracting State;
 - j. The term "*competent authority*" shall mean:
 1. In the case of Lebanon, the Minister of Finance in the Lebanese Republic or his authorized representative,
 2. In the case of Syria, the Minister of Finance in the Syrian Arab Republic or his authorized representative.
2. As regards the application of this Agreement by a Contracting State, any term not defined therein shall have the meaning which it has under the law of that State concerning the taxes to which the Agreement applies.

Article 4: Resident

1. For the purposes of this Agreement, the term "*resident*" of a Contracting State shall mean any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature. However this term does not include any person who is liable to tax in that State only in respect of income from sources in that State or capital therein.
2. Where by reason of the provisions of Paragraph 1 of this Article, an individual is a resident of both Contracting States, then his status shall be determined as follows:
 - a. He shall be deemed to be a resident of the Contracting State in which he has a permanent residence at his disposal; and in case he has permanent residence at his disposal in both Contracting States, he shall be deemed to be a resident of the Contracting State with which his personal and economic relations are stronger (center of vital interests);



- b. If the Contracting State in which he has his center of vital interests cannot be determined, or if he has no permanent residence at his disposal in either State, he shall be deemed a resident of the Contracting State in which he has an habitual abode;
 - c. If he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident of the Contracting State of which he is a national;
 - d. If he is a national of both Contracting States or of neither of them, the competent authorities shall settle this matter by mutual agreement.
3. Where by reason of the provisions of Paragraph 1 - a person other than an individual is a resident of both Contracting States, then this person shall be deemed to be a resident only of the state in which its place of effective management is situated.

Article 5: Permanent Establishment

1. For the purposes of this Agreement, the term "*permanent establishment*" shall mean a fixed place of business through which an enterprise wholly or partly carries on its business.
2. The term permanent establishment includes in particular:
 - a. A place of management;
 - b. A branch;
 - c. An office;
 - d. A factory;
 - e. A workshop;
 - f. Places used as outlets for sale;
 - g. A mine, an oil or gas well, a quarry or any other place for the extraction of natural resources;
 - h. A building site, a construction, assembly or installation project if it persists for more than 6 months;
 - i. The provision of services, including consultancy services, by an enterprise through employees or other individuals if such activities persist for a period exceeding in aggregate six months within any twelve months period.
3. Notwithstanding the preceding provisions of this Article, the term "*permanent establishment*" shall not include:
 - a. The use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise in order to re-export them to the State of that enterprise;
 - b. The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or re-exportation to the State of that enterprise;
 - c. The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing them by another enterprise for the account of the first enterprise;
 - d. The maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or collecting information for the enterprise;
 - e. The maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;
 - f. The maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs (a) to (e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.
4. Notwithstanding the provisions of Paragraphs 1 and 2, where a person - other than an agent of an independent status to whom paragraph 5 applies - is acting on behalf of an enterprise and has and habitually exercises in a Contracting State, an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State with respect of any activities that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in Paragraph 3 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.

5. An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that State through a broker, a general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business.
6. By exclusion of the preceding provisions of this Article, an insurance company belonging to a Contracting State - except for what concerns reinsurance - shall be deemed to have a permanent establishment in the other Contracting State if it collects insurance premiums in the territory of the other Contracting State or if it provides insurance for risks that may arise therein through a person that is not an agent having an independent character to which the provisions of the preceding paragraph apply.
7. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise), shall not by itself render either company a permanent establishment of the other.

Article 6: Income from Immovable Property

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture and forestry) may be taxed in the Contracting State where such immovable property is situated.
2. The term "*immovable property*" shall have, for the purpose of this Agreement, the meaning it has under the law of the Contracting State 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 governing landed property apply, usufruct of immovable property and rights to fixed or variable payments as consideration for the extraction of, or the right to extract minerals 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 derived from the immovable property of an enterprise and the income from immovable property used for the performance of independent personal services.

Article 7: Business Profits

1. The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State 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 Contracting State but only to the extent attributable to that permanent establishment.
2. Subject to the provisions of Paragraph 3, where an enterprise of a Contracting State carries on business in the other Contracting State, through a permanent establishment situated therein, there shall, in each Contracting State, be attributed to that permanent establishment the profits 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 in a totally independent manner with the enterprise of which it is a permanent establishment.
3. When determining the profits of a permanent establishment, it shall be allowed to deduct the expenses incurred for the purpose of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.
4. Insofar as it has been customary in a Contracting State 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, the provisions of Paragraph 2 of this Article shall not preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary, The method of apportionment adopted shall lead to a result that is in accordance with the principles contained in this Article.

5. No profits shall be attributed to a permanent establishment by the mere reason of its purchase of goods or merchandise for the enterprise.
6. For the purposes of the preceding paragraphs of this Article, 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 do otherwise.
7. Where profits include items of income which are dealt with separately in other articles of this Agreement, then the provisions of these articles shall not be affected by the provisions of this Article.

Article 8: Air, Maritime and Road Transport

1. Profits resulting from the operation of ships, aircrafts or road transport vehicles in international traffic shall be taxable in the Contracting State in which the place of effective management of that enterprise is situated, subject to the provisions of Paragraph 4 of this Article.
2. If the place of effective management of the maritime transport enterprise is aboard a ship or boat, then it shall be deemed to be situated in the Contracting State in which the home harbor of the ship or boat is situated, or, if such a home harbor does not exist, in the Contracting State of which the operator of the ship or boat is a resident.
3. The provisions of Paragraph 1 shall apply to profits derived from the participation in a pool, a joint business or an international operating agency.
4. Profits resulting from the operation of a road transport vehicle in international transport shall be taxable in the country in which this vehicle is registered in one of the following two cases:
 1. if this vehicle is operated by natural persons;
 2. if this vehicle is operated by a company in a Contracting State, which does not have a permanent establishment in the other Contracting State where the vehicle is registered.

Article 9: Associated Enterprises

1. Where:
 - a. An enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or
 - b. The same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

In either case, conditions shall be set or imposed between the two enterprises in their commercial or financial relations differing from those made between two independent enterprises, and thereafter any profits which would have accrued to one of the enterprises, had it not been for those conditions, may be added to the profits of that enterprise and taxed accordingly.

2. Where a Contracting State includes in the profits of an enterprise in that State and taxes profits which an enterprise of the other Contracting State has been charged to tax in that other State, and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State had the conditions set between the two enterprises been the same as those which would have been made between two independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits if it considers such adjustment as justified. In determining such adjustment, due regard shall be given to the other provisions of this Agreement and the competent authorities of both Contracting States shall, if necessary, consult each other.

**Article 10: Dividends**

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.
2. The dividends mentioned in Paragraph 1 may also be taxed in the Contracting State of which the company paying the dividends is a resident according to the laws of that State, but if the beneficiary who is the real owner of the dividends is a resident of the other Contracting State, then the tax so charged shall not exceed 5 per cent of the gross amount of the dividends. The competent authorities of both Contracting States shall settle by mutual agreement the mode of application thereof.
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 shall mean the income derived from shares, "jouissance" shares, "jouissance" rights, mining shares, founder's shares or any other rights, not being debt-claims or participation in profits, as well as income from other participation rights subjected to the same taxation treatment for being an income derived from shares, according to the laws of the State 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 Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the rights in respect of which the dividends are paid are 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 Contracting State derives profits or income from the other Contracting State, then that other State 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 State or insofar as the rights in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other State, nor shall it 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 State.

Article 11: Interest

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxable in that other State.
2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient who is the beneficial owner of the interest is a resident of the other Contracting State, then the tax so charged shall not exceed 10 percent of the gross amount of the interest. The competent authorities of both Contracting States shall settle, by mutual agreement, the mode of application of this limitation.
3. Notwithstanding the provisions of Paragraph 2 of this Article, the interest arising in a Contracting State shall be exempted from taxes in that State if it is effectively derived by the Government of the other Contracting State, a local authority or any agency or bank unit or institution of that Government (or local authority) or if the debt claims of a resident of the other Contracting State are warranted, insured or directly or indirectly financed by a financial institution wholly owned by a Government of the other Contracting State.
4. The term "*interest*" as used in this Article shall mean the income derived from debt-claims of every kind, whether or not secured by mortgage or security and whether or not carrying a right to participate in the debtor's profits, and in particular, income derived from government securities and from bonds or debentures, including premiums and prizes related to such securities, bonds or debentures. For the purpose of this Article, penalty charges for late payment shall not be regarded as interest. The term "*interest*" shall not include any income item considered as a dividend by virtue of the provisions of Article 10.



5. The provisions of Paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.
6. Interest shall be deemed to arise in a Contracting State when the payer is that Contracting State itself, a local authority or a resident of that State. Where, however, the person paying the interest, whether a resident of a Contracting State or not, owns in a Contracting State, a permanent establishment or a fixed base in connection with the debt on which the interest was paid, and such interest was borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the Contracting State 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 regarding the debt for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner had it not been for 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 Contracting State, subject to the other provisions of this Agreement.
8. The provisions of this article shall not apply if the main purpose or one of the main purposes of any person in connection with the creation or transfer of the debt in respect of which the interest is paid is to illegally take advantage of this article for his own benefit during that creation or transfer.

Article 12: Royalties

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.
2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but the tax so charged shall not exceed the rate of (18%) of the gross amount of the royalties and the competent authorities in the two Contracting States shall settle by mutual agreement the mode of application of such rate.
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, the following:
any patent, trade mark, design or model, plan, secret formula or process, or for the use or the right to use industrial or scientific equipment, or information concerning industrial, commercial or scientific experience; and any copyright of literary, artistic or scientific work, including cinematograph films and films or tapes for television or radio broadcasting, transmission to the public by satellite, cable, optic fiber or similar broadcasting technologies.
4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties is a resident of a Contracting State and carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such 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 Contracting State when the payer is that same State, a local authority thereof or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.



6. Where, 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 of, or right to use, 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 Contracting State, due regard being had to the other provisions of this Agreement.
7. The provisions of the present article shall not apply if the main purpose or one of the main purposes of any person in connection with the creation or transfer of what the royalties are paid for is to illegally take advantage of this article for his own benefit during that creation or transfer.

Article 13: Capital Gains

1. Gains derived from the alienation of immovable property referred to in Article 6 of the present Agreement may be taxed in the Contracting State in which such immovable property is situated.
2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State.
3. Gains derived from the alienation of property forming part of the business property of an enterprise and constituted of ships, boats, aircrafts or road vehicles operated by this enterprise in international traffic, or the alienation of movable property pertaining to the operation of such transportation means, shall be taxable only in the Contracting State in which the effective management of the enterprise is situated. This being without prejudice to the provisions of article 8, paragraph 4, of the present Agreement.
4. Gains from the alienation of any property other than that referred to in paragraphs 1, 2 and 3 of this article shall be taxable only in the Contracting State of which the property alienator is a resident.

Article 14: Independent Personal Services

1. Income derived by a resident of a Contracting State in respect of professional services or other similar activities of an independent character shall be taxable only in that State, unless he has a fixed base regularly available to him in the other Contracting State for the purposes of performing his activities. When such fixed base is available to him, or if he is present in the other Contracting State for a period or periods amounting to or exceeding in the aggregate 183 days commencing and ending within any uninterrupted twelve months period, then in both cases the income may be taxed in the other Contracting State but only so much of it as is attributable to the fixed base or is derived from the activities performed in the period in which the resident was present in that other State, respectively.
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 or accountants.

Article 15: Dependent Personal Services

1. Subject to the provisions of Articles 16, 18, 19, 20 and 21, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is exercised in the other Contracting State, such remuneration as is derived therefrom may be taxed in that other State.
2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if all the following conditions are met:



- a. The recipient is present in the other State for period or periods not exceeding in the aggregate 183 days commencing or ending within any uninterrupted period of twelve months; and
 - b. the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State; and
 - c. The remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.
3. Contrary to the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship, boat or aircraft operated in international traffic by an enterprise of a Contracting State may be taxed in the Contracting State in which the effective management of the enterprise is situated.

Article 16: Directors' Wages and Fees

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

Article 17: Artists and Sportsmen

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State from his personal activities exercised in the other Contracting State as a theater, motion picture, radio or television artist, or as a musician or a sportsman, may be taxed in that other State.
2. Where income in respect of personal activities such as those exercised by an artist in the field of public entertainment or by a sportsman in his capacity as such accrues not to the artist or sportsman himself but to another person, whether he is a resident of a Contracting State or not, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.
3. Contrary to the provisions of paragraphs 1 and 2, the income derived from the activities referred to in paragraph 1 within the framework of cultural and sports exchanges agreed to by the governments of both Contracting States or their public institutions and which do not aim to derive profit, shall be exempted from tax in the Contracting State in which these activities are performed.

Article 18: Pensions

1. Without prejudice to the provisions of article 19, paragraph 2, of the present Agreement, the pensions and other similar remuneration paid as remuneration in consideration of past employment of a resident in a Contracting State shall be taxed only in that State according to its laws.
2. Without prejudice to the provisions of paragraph 1, the pensions and other sums paid under the Social Security legislation of a Contracting State may be taxed in that State in conformity with its legislation.

Article 19: Remunerations and Pensions Paid by Government Bodies

1.
 - a. Remuneration, other than a pension, paid by a Contracting State or a local authority thereof to an individual in respect of services rendered to that State or authority may be taxed only in that State.
 - b. However, such remuneration may be taxed only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State who:
 - i. is a national of that State; or
 - ii. did not become a resident of that State solely for the purpose of rendering those services.
2.
 - a. Any pension, paid directly or from funds belonging to a Contracting State or a local authority thereof to an individual in respect of services rendered, may be taxed only in that State according to its legislation.



- b. However, such pension may be taxed only in the other Contracting State if the individual is a resident and a national of that State without being also a national of the first mentioned State.
3. The provisions of Articles 15, 16 and 18 shall apply to remuneration and pension in respect of services rendered in connection with a trade business carried on by a Contracting State or a local authority thereof.

Article 20: Students and Trainees

1. The resident of a Contracting State being provisionally present in the other Contracting State as student or trainee receiving a technical, professional or business training, shall not be taxed in the other Contracting State for money transfers sent to him from abroad for the purpose of his maintenance; education or training expenses, or sent to him as a scholarship to continue his education for a period of seven years.
2. Allowance paid to a student or trainee for services rendered by him in a Contracting State shall not be taxed in that State for a period of two years provided that such services are connected with his studies or training.

Article 21: Teachers, Professors and Researchers

1. Any person who is a resident, or was immediately before visiting a Contracting State a resident of the other Contracting State, and who, upon the invitation of a university, faculty, school or any other similar non-profit educational institution, recognized by the Government of the other Contracting State, was present in that other State for a period not exceeding two years as from his first arrival therein, for the only purpose of teaching or carrying out research, or for both purposes, in the above mentioned educational institutions, shall be exempt from taxes on the income he derives in that other Contracting State from teaching or research.
2. The provisions of paragraph 1 of this article do not apply on income derived from research if such research is carried out for the personal benefit of one specific person or more.

Article 22: Other Income

1. Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Agreement, shall be taxable only in that Contracting State.
2. The provisions of paragraph 1 shall not apply to income items, other than income from immovable property as defined in paragraph 2 of Article 6, if the owner benefiting from such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the 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

Double taxation shall be eliminated in the two Contracting States as follows:

1. Where a resident of one of the two Contracting States derives income which, in accordance with the provisions of this Agreement, may be taxed in the other Contracting State, the first Contracting State shall then deduct from the principal income tax due by this resident an amount equal to the income tax paid in the other Contracting State.
However, the amount of the deduction shall not exceed in both cases that part of the income tax computed before the allowance is given, and which may be attributed, when necessary, to the taxable income in the other Contracting State.
2. Where the income derived by a resident of a Contracting State is exempted from taxation therein, in conformity with the provisions of this Agreement, this Contracting State may however, when determining the amount of the tax due on the remaining part of this resident's income, take into account the exempted part of the income.

**Article 24: Non-Discrimination**

1. Nationals of either Contracting State – even when they are not residents of one of the Contracting States, shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is at variance with, or more burdensome than, the taxation and connected requirements to which nationals of that other State are or may be subjected in the same circumstances.
2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favorably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities. These provisions shall not be construed as obliging the Contracting State to grant to residents of the other Contracting State any personal allowances, relief 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 7 of Article 11, or paragraph 6 of Article 12, apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall be deductible under the same conditions as if they had been paid to a resident of the first- mentioned State. Similarly, any debts of an enterprise of a Contracting State to a resident of the other Contracting State shall be deductible under the same conditions as if they had been contracted to a resident of the first-mentioned State, this being for the purpose of determining the taxable capital of such enterprise.
4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is at variance with, or more burdensome than, the taxation and connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.
5. The provisions of this Article, without prejudice to the provisions of Article 2 of the present Agreement, shall apply to taxes of every kind and description.

Article 25: Mutual Agreement Procedures

1. Where a person considers that the procedures of one or both of the Contracting States 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 both States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 24 of the present Agreement, to the competent authority of the Contracting State of which he is a national. The case must be presented within 3 years from the first notification of the action resulting in taxation not in accordance with the provisions of the present 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 Contracting State, with a view to avoid taxation which is not in accordance with this Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.
3. The competent authorities of the Contracting States shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of this Agreement. They may also consult together for the elimination of double taxation in cases not provided for in this Agreement.
4. The competent authorities of the Contracting States or their representatives may communicate with each other directly for the purpose of reaching an agreement, in the sense of the preceding paragraphs. When it seems useful in order to reach an agreement to have an oral exchange of opinions, such exchange may take place through a Commission consisting of the competent authorities of the Contracting States or their representatives.



5.
 - a. The competent authorities of the Contracting States may determine the mode of application of this Agreement through mutual agreement.
 - b. More specifically, the residents of a Contracting State, in order to benefit in the other Contracting State from the advantages provided for in articles 10, 11 and 12, and unless otherwise agreed upon by the competent authorities, must submit an official certificate of residence and a statement from the fiscal authority certifying more particularly the nature and amount of the concerned income.

Article 26: Exchange of Information

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Agreement or of the domestic laws of the Contracting States concerning taxes covered by the present Agreement 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 either Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State, and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by the Agreement. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.
2. In no case shall the provisions of paragraph 1 be construed so as to impose on a Contracting State the obligation:
 - a. To carry out administrative measures at variance with the laws and administrative practice of that State or of the other Contracting State;
 - b. To supply information which is not obtainable under the laws or in the normal course of the administration of that State or of the other Contracting State;
 - 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).

Article 27: Members of Diplomatic Missions and Consular Posts

Nothing in this Agreement shall affect the fiscal privileges of members of diplomatic missions, consular posts or members of the permanent missions of international organizations, under the general rules of international law or under the provisions of special agreements.

Article 28: Entry Into Force

1. This Agreement shall be ratified in conformity with the specific laws in force in both Contracting States which shall notify each other of the completion of the required procedures for its entry into force.
2. This Agreement shall enter into force 30 days after the date of the last notification and its provisions shall apply as follows:
 - a. In respect of taxes withheld at the source, for amounts to be paid on or after the first day of January of the calendar year following the year in which the ratification instruments have been exchanged.
 - b. In respect of other taxes, for any tax year beginning on or after the first day of January in the calendar year following the year in which the ratification instruments have been exchanged.

Article 29: Termination

This Agreement shall remain in force indefinitely. Either Contracting State, after the lapse of the five year period following that in which the Agreement entered into force, may give to the other



Contracting State, through diplomatic channels, written notice of termination at least six months before the end of any calendar year.

In such event, this Agreement shall cease to have effect:

- a. In respect of taxes withheld at the source, on or after the first day of January of the year following that during which the notice of termination has been notified;
- b. In respect of any tax year for other taxes, on or after the first day of January in the year following that during which the notice of termination has been notified;

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

DONE in Damascus on 12/1/1997, in duplicate in the Arabic language.

For the Government
of the Lebanese Republic

Fouad Sanioura

For the Government
of the Syrian Arab Republic

Mahmoud Khaled al-Mahayni