

CONVENTION

BETWEEN

THE GOVERNMENT OF THE REPUBLIC OF CYPRUS

AND

THE GOVERNMENT OF THE FRENCH REPUBLIC

**FOR THE ELIMINATION OF DOUBLE TAXATION WITH RESPECT TO
TAXES ON INCOME AND THE PREVENTION OF TAX EVASION AND
AVOIDANCE**

The Government of the Republic of Cyprus and the Government of the French Republic,

Desiring to further develop their economic relationship and to enhance their co-operation in tax matters,

Intending to conclude a Convention for the elimination of double taxation with respect to taxes on income without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this Convention for the indirect benefit of residents of third States),

Have agreed as follows:

ARTICLE 1
PERSONS COVERED

1. This Convention shall apply to persons who are residents of one or both of the Contracting States.

2. For the purposes of this Convention, income derived by or through a partnership or any other similar entity (including a body of persons) that is treated as wholly or partly fiscally transparent under the tax law of either Contracting State shall be considered to be income of a resident of a Contracting State but only to the extent that the income is treated, for purposes of taxation by that State, as the income of a resident of that State.

Where the partnership or any other similar entity (including a body of persons) that is treated as wholly or partly fiscally transparent under the tax law of either Contracting State is established in a third State, the income shall, however, be considered as the income of a resident of a Contracting State only if that third State also treats the partnership or any other similar entity (including a body of persons) as wholly or partly fiscally transparent and if it has concluded with the Contracting State from which the income is derived an agreement, whether bilateral or multilateral, of administrative assistance with a view to the prevention of tax evasion and avoidance.

3. The provisions of paragraph 2 shall not apply to an income derived by or through a partnership or any other similar entity (including a body of persons) that is a resident of France under paragraph 4 of Article 4.

ARTICLE 2
TAXES COVERED

1. This Convention shall apply to taxes on income imposed on behalf of a Contracting State or of its political subdivisions or local or territorial 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, as well as taxes on capital appreciation.

3. The existing taxes to which this Convention shall apply are in particular:

a) In the case of the Republic of Cyprus:

- (i) the income tax;
- (ii) the corporate income tax;
- (iii) the special contribution for the Defense of the Republic; and
- (iv) the capital gains tax

(hereinafter referred to as "Cyprus tax"),

b) In the case of France:

- (i) the income tax ("impôt sur le revenu");
- (ii) the corporation tax ("impôt sur les sociétés");
- (iii) the contributions on corporation tax ("contributions sur l'impôt sur les sociétés");

- (iv) widespread social security contributions (“contributions sociales généralisées”) and contributions for the reimbursement of social debt (“contributions pour le remboursement de la dette sociale”);

including any withholding tax or advance payment with respect to the aforesaid taxes;

(hereinafter referred to as “French tax”)

4. This Convention shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of this Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their taxation laws.

ARTICLE 3

GENERAL DEFINITIONS

1. For the purposes of this Convention, unless the context otherwise requires:
 - a) The terms “Contracting State” and “other Contracting State” mean France or Cyprus as the context requires;
 - b) the term “France” designates the metropolitan departments of the French Republic and the overseas territorial authorities listed in the Protocol, including the territorial sea and any area outside the territorial sea within which, in accordance with international law, the French Republic has sovereign rights or exercises its jurisdiction for the purposes of exploring and exploiting the natural resources of the seabed, its subsoil and the superjacent water;
 - c) the term “Cyprus” means the Republic of Cyprus, including the land territory, the national airspace, the territorial sea, as well as any area outside the territorial sea, including the contiguous zone, the continental shelf and the exclusive economic zone as an area within which Cyprus may exercise sovereign rights and/or jurisdiction in accordance with international law;
 - d) the term “person” includes an individual, a company and any other body of persons;
 - e) the term “company” means any body corporate or any entity that is treated as a body corporate for tax purposes;
 - f) the term “enterprise” applies to the carrying on of any business;
 - g) the terms “enterprise of a Contracting State” and “enterprise of the other Contracting State” mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
 - h) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise that has its place of effective management in a Contracting State, except when such transport is solely between places in the other Contracting State;
 - i) the term “competent authority” means:
 - (i) in the case of France, the Minister of Finance or the Minister’s authorised representative;
 - (ii) in the case of Cyprus, the Minister of Finance or the Minister’s authorised representative.
 - j) the term “national”, in relation to a Contracting State, means:

- (i) any individual possessing the nationality or citizenship of that Contracting State; and
 - (ii) any legal person, partnership or association deriving its status as such from the laws in force in that Contracting State;
- k) the term “business” includes the performance of professional services and of other activities of an independent character.

2. As regards the application of this Convention at any time by a Contracting State, 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 State for the purposes of the taxes to which this Convention applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.

ARTICLE 4 RESIDENT

1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature, and also includes that State and any political subdivision or local or territorial authority thereof and the public law entities of that State, of its political subdivisions or of its local or territorial authorities. This term, however, does not include any person who is liable to tax in that State in respect only of income from sources in that State.

2. Where by reason of the provisions of paragraph 1 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 only of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident only of the State with which his personal and economic relations are closer (centre of vital interests);
- b) if the State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident only of the 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 only of the State of which he is a national;
- d) if he is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

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

4. The term “resident of a contracting State” shall include, where that Contracting State is France, any partnership or any other similar entity (including a body of persons):

- a) which has its place of effective management in France;
- b) which is liable to tax in France; and
- c) all of whose shareholders, associates or members are, pursuant to the tax laws of France, personally subject to tax therein in respect of their share of the profits of that partnership or other similar entity (including a body of persons).

ARTICLE 5 PERMANENT ESTABLISHMENT

1. For the purposes of this Convention, 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) A building site or construction or installation project constitutes a permanent establishment only if it lasts more than twelve months.
 - b) Notwithstanding the preceding provisions of this Article, activities which are carried on offshore in a Contracting State in connection with the exploration or exploitation of the seabed, including the subsoil and their natural resources situated in that State and the installation and exploitation of pipelines and other installations under or above the surface of the sea in that State, constitute a permanent establishment if they last more than 60 days in any twelve month period beginning or ending in the fiscal year concerned.
4. Notwithstanding the preceding provisions of this Article, the term “permanent establishment” shall be deemed not to include:
 - a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
 - b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
 - c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
 - d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;
 - e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any activity not listed in subparagraphs a) to d), provided that this activity is of a preparatory or auxiliary character;
 - f) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs a) to e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.
5. Paragraph 4 shall not apply to a fixed place of business that is used or maintained by an enterprise if the same enterprise or a closely related enterprise carries on business activities at the same place or at another place in the same Contracting State and
 - a) that place or other place constitutes a permanent establishment for the enterprise or the closely related enterprise under the provisions of this Article, or

- b) the overall activity resulting from the combination of the activities carried on by the two enterprises at the same place, or by the same enterprise or closely related enterprises at the two places, is not of a preparatory or auxiliary character,

provided that the business activities carried on by the two enterprises at the same place, or by the same enterprise or closely related enterprises at the two places, constitute complementary functions that are part of a cohesive business operation.

6. Notwithstanding the provisions of paragraphs 1 and 2 but subject to the provisions of paragraph 7, where a person is acting in a Contracting State on behalf of an enterprise and, in doing so, habitually concludes contracts, or habitually plays the principal role leading to the conclusion of contracts that are routinely concluded without material modification by the enterprise, and these contracts are

- a) in the name of the enterprise, or
- b) for the transfer of the ownership of, or for the granting of the right to use, property owned by that enterprise or that the enterprise has the right to use, or
- c) for the provision of services by that enterprise,

that enterprise shall be deemed to have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business (other than a fixed place of business to which paragraph 5 would apply), would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

7. Paragraph 6 shall not apply where the person acting in a Contracting State on behalf of an enterprise of the other Contracting State carries on business in the first-mentioned State as an independent agent and acts for the enterprise in the ordinary course of that business. Where, however, a person acts exclusively or almost exclusively on behalf of one or more enterprises to which it is closely related, that person shall not be considered to be an independent agent within the meaning of this paragraph with respect to any such enterprise.

8. 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 of itself constitute either company a permanent establishment of the other.

9. For the purposes of this Article, a person or enterprise is closely related to an enterprise if, based on all the relevant facts and circumstances, one has control of the other or both are under the control of the same persons or enterprises. In any case, a person or enterprise shall be considered to be closely related to an enterprise if one possesses directly or indirectly more than 50 per cent of the beneficial interest in the other (or, in the case of a company, more than 50 per cent of the aggregate vote and value of the company's shares or of the beneficial equity interest in the company) or if another person or enterprise possesses directly or indirectly more than 50 per cent of the beneficial interest (or, in the case of a company, more than 50 per cent of the aggregate vote and value of the company's shares or of the beneficial equity interest in the company) in the person and the enterprise or in the two enterprises.

ARTICLE 6

INCOME FROM IMMOVABLE PROPERTY

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.
2. The term “immovable property” shall have the meaning which 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 respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships and aircraft 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.

ARTICLE 7

BUSINESS PROFITS

1. 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 that are attributable to the permanent establishment in accordance with the provisions of paragraph 2 may be taxed in that other State.
2. For the purposes of this Article and Article 22, the profits that are attributable in each Contracting State to the permanent establishment referred to in paragraph 1 are the profits it might be expected to make, in particular in its dealings with other parts of the enterprise, if it were a separate and independent enterprise engaged in the same or similar activities under the same or similar conditions, taking into account the functions performed, assets used and risks assumed by the enterprise through the permanent establishment and through the other parts of the enterprise.
3. Where, in accordance with paragraph 2, a Contracting State adjusts the profits that are attributable to a permanent establishment of an enterprise of one of the Contracting States and taxes accordingly profits of the enterprise that have been charged to tax in the other State, the other State shall, to the extent necessary to eliminate double taxation on these profits, make an appropriate adjustment to the amount of the tax charged on those profits. In determining such adjustment, the competent authorities of the Contracting States shall if necessary consult each other.
4. Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

ARTICLE 8

INTERNATIONAL SHIPPING AND AIR TRANSPORT

1. Profits from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.
2. Profits from the use, maintenance or rental of containers (including trailers and related equipment for the transport of containers) used for the transport of goods or merchandise, where the use, maintenance or rental is incidental to the operation of ships or aircraft in international traffic, shall be taxable only in the Contracting State where the place of effective management of the enterprise is situated.
3. If the place of effective management of a shipping enterprise is aboard a ship, then it shall be deemed to be situated in the Contracting State in which the home harbour of the ship is situated, or, if there is no such home harbour, in the Contracting State of which the operator of the ship is a resident.
4. For the purposes of this Article, profits from the operation of ships or aircraft in international traffic shall include profits from:
 - a) the rental of ships or aircraft on a full (time or voyage) basis operated in international traffic,
 - b) the rental of ships or aircraft on a bareboat basis, where the rental is incidental to the operation of ships or aircraft in international traffic.
5. The provisions of paragraphs 1 and 2 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

ARTICLE 9

ASSOCIATED ENTERPRISES

1. Where:
 - a) an enterprise of a 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,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 Contracting State includes in the profits of an enterprise of that State - and taxes accordingly - profits on 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 if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Convention and the competent authorities of the 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. a) However, dividends paid by a company which is a resident of a Contracting State may also be taxed in that State according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed 15 per cent of the gross amount of the dividends.

b) Notwithstanding the provision of subparagraph a), dividends paid by a company which is a resident of a Contracting State shall be taxable only in the other Contracting State if the beneficial owner of the dividends is a company which is a resident of that other Contracting State and which holds directly at least 5 per cent of the capital of the company paying the dividends throughout a 365 days period that includes the day of the payment of the dividends (for the purpose of computing that period, no account shall be taken of changes of ownership that would directly result from a corporate reorganisation, such as a merger or divisive reorganisation, of the company that holds the shares or that pays dividends).

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. The term “dividends” as used in this Article means income from shares, “jouissance” shares or “jouissance” rights, mining shares, founders’ shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident and income treated as a distribution by the taxation laws of the Contracting 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 and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

5. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment situated in that other State, 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 State.

6. a) Dividends distributed from income or gains derived from immovable property, within the meaning of Article 6, by an investment vehicle established in a Contracting State,

- (i) which distributes most of this income annually, and
- (ii) whose income or gains from such immovable property are exempted from tax,

to a resident of the other Contracting State may be taxed in that other State.

b) However, such dividends may also be taxed in the first-mentioned State according to the taxation laws of that State, but the tax so charged shall not exceed 15 per cent of the

gross amount of the dividends if the beneficial owner is resident of the other Contracting State and if it holds, directly or indirectly, a participation that represents less than 10 per cent of the capital of this vehicle.

When the beneficial owner of such dividends holds, directly or indirectly, a participation that represents 10 per cent or more of the capital of this vehicle, the dividends may be taxed at the rate provided by the domestic law of the Contracting State from which they are derived.

ARTICLE 11

INTEREST

1. Interest arising in a Contracting State and beneficially owned by a resident of the other Contracting State shall be taxable only in that other State.
2. 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.
3. The provisions of paragraph 1 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 and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.
4. 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 Contracting State, due regard being had to the other provisions of this Convention.

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 it arises and according to the laws of that State, but if the beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed 5 per cent of the gross amount of the royalties.
3. The term « royalties » as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films, any patent, trade mark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience.
4. The provisions of paragraph 1 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise through a permanent establishment situated therein and the right or

property in respect of which the royalties are paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is 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 in connection with which the liability to pay the royalties was incurred and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment 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 Contracting State, due regard being had to the other provisions of this Convention.

ARTICLE 13

CAPITAL GAINS

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in that other State.

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, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise), may be taxed in that other State.

3. Gains from the alienation of property forming part of the business property of an enterprise and consisting of ships or aircraft operated by that enterprise in international traffic or movable property pertaining to the operation of such ships or aircraft, shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

4. Gains derived by a resident of a Contracting State from the alienation of shares, rights or comparable interests, such as interests in a company, trust or any other entity, may be taxed in the other Contracting State if, at any time during the 365 days preceding the alienation, these shares, rights, or comparable interests derived more than 50 per cent of their value directly or indirectly from immovable property, as defined in Article 6, situated in that other Contracting State.

For the purposes of this provision, immovable property pertaining to the own business carried on by such company, trust or entity shall not be taken into account.

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 Contracting State of which the alienator is a resident.

ARTICLE 14
INCOME FROM EMPLOYMENT

1. Subject to the provisions of Articles 15, 17 and 18, 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 so exercised, 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:

- a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned, and
- b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and
- c) the remuneration is not borne by a permanent establishment which the employer has in the other State.

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 shall be taxable only in the Contracting State in which the place of effective management of that enterprise is situated.

ARTICLE 15
DIRECTORS' FEES

Directors' 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 may be taxed in that other State.

ARTICLE 16
ENTERTAINERS, SPORTSPERSONS AND MODELS

1. Notwithstanding the provisions of Article 14, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsperson, or as a model, from that resident's personal activities as such exercised in the other Contracting State, may be taxed in that other State.

Notwithstanding the provisions of Articles 14 and 21, when an entertainer, a sportsperson or a model, being a resident of a Contracting State, derives income from the other Contracting State for performances that cannot be disassociated from professional notoriety, such income may be taxed in that other Contracting State. However, such income shall be taxable only in the first mentioned State if the gross amount of income does not exceed 20.000 Euros, for the tax year concerned.

2. Where income derived from activities or performances mentioned in paragraph 1 accrues not to the entertainer, sportsperson or model himself but to another person, whether a

resident of a Contracting State or not, that income may, notwithstanding the provisions of Articles 14 and 21, be taxed in the Contracting State where the activities or performances of the entertainer, sportsperson or model are exercised, provided or used.

3. Notwithstanding the provisions of paragraph 1 and 2, income derived by a resident of a Contracting State, as an entertainer, a sportsperson or a model, from activities or performances exercised, provided or used in the other Contracting State shall be taxable only in the first-mentioned State if those activities or performances in the other State are supported mainly by public funds of the first-mentioned State, its political subdivisions, its local or territorial authorities, or of their public law entities, including where income accrues not to the entertainer, sportsperson or model himself but to another person, whether is a resident of a Contracting State or not.

ARTICLE 17

PENSIONS

1. Subject to the provisions of paragraph 2 of Article 18, pensions and other similar remuneration paid to a resident of a Contracting State in consideration of past employment shall be taxable only in that State.

2. Notwithstanding the provisions of paragraph 1, pensions and other payments made under the social security legislation of a Contracting State may be taxed in that State.

ARTICLE 18

GOVERNMENT SERVICE

1. a) Salaries, wages and other similar remuneration, paid by a Contracting State or a political subdivision or a local or territorial authority thereof, or by one of their public law entities, to an individual in respect of services rendered to that State, subdivision, authority or entity shall be taxable only in that State.

b) However, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of, and a national of, that State without being at the same time a national of the first-mentioned State.

2. Notwithstanding the provisions of paragraph 1, pensions and other similar remuneration paid by, or out of funds created by, a Contracting State or a political subdivision or a local or territorial authority thereof or by one of their public law entities to an individual in respect of services rendered to that State, subdivision, authority or entity shall be taxable only in that State. However, such pensions and other similar remuneration shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that State without being at the same time a national of the first-mentioned State.

3. The provisions of Articles 14, 15, 16 and 17 shall apply to salaries, wages, pensions, and other similar remuneration in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or a local or territorial authority thereof, or by one of their public law entities.

ARTICLE 19
STUDENTS AND TRAINEES

Payments which a student, business trainee or apprentice who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned State 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 State, provided that such payments arise from sources outside that State.

ARTICLE 20
TEACHERS AND RESEARCHERS

1. Subject to the provisions of paragraph 2 and Article 18, remuneration which a teacher or a researcher who is or was immediately before visiting a Contracting State a resident of the other Contracting State, and who is present in the first-mentioned State solely for the purpose of teaching or engaging in research, derives in respect of such activities, shall be taxable only in the other State. This provision shall apply for a period not exceeding 24 months from the date of the first arrival of the teacher or researcher in the first-mentioned State for the purpose of teaching or engaging in research.

2. Where, under the provisions of this Convention taken together with the law in force in the other State, a teacher or researcher referred in paragraph 1 is exempt from tax in that other State on his remuneration, such remuneration shall be taxable in the first-mentioned State.

3. The provisions of this Article shall apply to income from research only if such research is undertaken in the public interest and not primarily for the benefit of some other private person or persons.

ARTICLE 21
OTHER INCOME

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

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 Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein and the right or property in respect of which the income is paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

ARTICLE 22
ELIMINATION OF DOUBLE TAXATION

1. In the case of France, double taxation shall be avoided as follows:

a) Notwithstanding any other provision of this Convention, income which may be taxed or shall be taxable only in Cyprus in accordance with the provisions of the Convention shall be taken into account for the computation of the French tax where such income is not exempted from corporation tax according to French domestic law. In that case, the Cypriot tax shall not be deductible from such income, but the resident of France shall, subject to the conditions and limits provided for in sub-paragraphs (i) and (ii), be entitled to a tax credit against French tax. Such tax credit shall be equal:

(i) in the case of income other than that mentioned in sub-paragraph (ii), to the amount of French tax attributable to such income provided that the resident of France is effectively subject to Cypriot tax in respect of such income;

(ii) in the case of income subject to the corporation tax referred to in Article 7 and paragraph 2 of Article 13 and in the case of income referred to in Article 10, Article 12, paragraphs 1 and 4 of Article 13, Article 15, paragraphs 1 and 2 of Article 16, and paragraph 2 of Article 17 to the amount of tax paid in Cyprus in accordance with the provisions of those Articles; however, such tax credit shall not exceed the amount of French tax attributable to such income.

b) (i) It is understood that the term "amount of French tax attributable to such income" as used in sub-paragraph a) means:

- where the tax on such income is computed by applying a proportional rate, the amount of the net income concerned multiplied by the rate which actually applies to that income;

- where the tax on such income is computed by applying a progressive scale, the amount of the net income concerned multiplied by the rate resulting from the ratio of the tax actually payable on the total net income taxable in accordance with French law to the amount of that total net income.

(ii) It is understood that the term "amount of tax paid in Cyprus" as used in sub-paragraph a) means the amount of Cypriot tax effectively and definitively borne in respect of the items of income concerned, in accordance with the provisions of the Convention, by a resident of France who is taxed on those items of income according to the French law.

2. In the case of Cyprus, subject to the provisions of the laws of Cyprus regarding the allowance as a credit against Cyprus tax of tax payable in a territory outside Cyprus, double taxation shall be eliminated as follows:

(a) tax payable under the laws of France and in accordance with the Convention, whether directly or by deduction, on profits or income from sources within France, shall be allowed as a credit against any Cyprus tax computed by reference to the same profits or income in respect of which the French tax is computed; and

(b) the credit, however, shall in no case exceed the part of the tax, as computed before the credit is given, which is appropriate to the income which may be taxed in France.

ARTICLE 23 NON-DISCRIMINATION

1. Individuals who are nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which individuals who are nationals of that other State in the same circumstances, in particular with respect to residence, are or may be subjected.

2. Stateless persons who are residents of a Contracting State shall not be subjected in either Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of the

State concerned in the same circumstances, in particular with respect to residence, are or may be subjected.

3. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

4. Except where the provisions of paragraph 1 of Article 9, paragraph 4 of Article 11, 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, 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 State. Similarly, any debts of an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable capital of such enterprise, be deductible under the same conditions as if they had been contracted to a resident of the first-mentioned State.

5. 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 other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.

6. Nothing contained in this Article shall be construed as obliging either Contracting State to grant to individuals not resident in that State any of the personal allowances, reliefs and reductions for tax purposes which are granted to individuals so resident.

7. The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description.

ARTICLE 24 MUTUAL AGREEMENT PROCEDURE

1. Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of either Contracting State. 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 Convention.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with the Convention. 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 endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. They may also consult together for the elimination of double taxation in cases not provided for in the Convention.

4. The competent authorities of the Contracting States may communicate with each other directly, including through a joint commission consisting of themselves or their

representatives, for the purpose of reaching an agreement in the sense of the preceding paragraphs.

5. Where,

- a) under paragraph 1, a person has presented a case to the competent authority of a Contracting State on the basis that the actions of one or both of the Contracting States have resulted for that person in taxation not in accordance with the provisions of this Convention, and
- b) the competent authorities are unable to reach an agreement to resolve that case pursuant to paragraph 2 within three years from date when all the information required by the competent authorities in order to address the case has been provided to both competent authorities,

any unresolved issues arising from the case shall be submitted to arbitration if the person so requests in writing. These unresolved issues shall not, however, be submitted to arbitration if a decision on these issues has already been rendered by a court or administrative tribunal of either State. Unless a person directly affected by the case does not accept the mutual agreement that implements the arbitration decision, that decision shall be binding on both Contracting States and shall be implemented notwithstanding any time limits in the domestic laws of these States. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this paragraph.

ARTICLE 25 EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Convention or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local or territorial authorities, insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Articles 1 and 2.

2. Any information received under paragraph 1 by a 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 with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. 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. Notwithstanding the foregoing, information received by a Contracting State may be used for other purposes when such information may be used for such other purposes under the laws of both States and the competent authority of the supplying State authorises such use.

3. In no case shall the provisions of paragraphs 1 and 2 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 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 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).

4. If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.

5. In no case shall the provisions of paragraph 3 be construed to permit a Contracting State to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.

ARTICLE 26

MEMBERS OF DIPLOMATIC MISSIONS AND CONSULAR POSTS

1. Nothing in this Convention shall affect the fiscal privileges of members of diplomatic missions or consular posts and of members of permanent delegations to international organizations under the general rules of international law or under the provisions of special agreements.

2. Notwithstanding the provisions of Article 4, an individual who is a member of a diplomatic mission, consular post or permanent delegation of a Contracting State which is situated in the other Contracting State or in a third State shall be deemed, for the purposes of the Convention, to be a resident of the sending State if he is liable in the sending State to the same obligations in relation to tax on his total income as are residents of that State.

3. The Convention shall not apply to international organizations, to organs or officials thereof and to persons who are members of a diplomatic mission, consular post or permanent delegation of a third State, being present in a Contracting State and not treated in either Contracting State as residents in respect of taxes on income.

ARTICLE 27

DENIAL OF BENEFITS OF THE CONVENTION

Notwithstanding the other provisions of this Convention, a benefit under this Convention shall not be granted in respect of an item of income if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this Convention.

ARTICLE 28

MODE OF APPLICATION

1. The competent authorities of the Contracting States may settle the mode of application of this Convention.

2. In particular, the Contracting State in which the items of income arise may ask for a certificate issued by the competent authority on the taxpayer's residence in the other Contracting State.

ARTICLE 29

ENTRY INTO FORCE

1. Each of the Contracting States shall notify in writing through diplomatic channels to the other the completion of the procedures required by its law for the entry into force of this Convention. This Convention shall enter into force on the first day following the date on which the latter of these notifications was received.

2. The provisions of this Convention shall have effect:

a) In the case of Cyprus:

- (i) with regard to taxes withheld at source, in respect of amounts paid or credited on or after the first day of January next following the date upon which this Convention enters into force;
- (ii) with regard to other taxes, in respect of taxable years on or after the first day of January next following the date upon which the Convention enters into force; and

b) In the case of France:

- (i) in respect of taxes on income withheld at source, for amounts taxable after the calendar year in which this Convention enters into force;
- (ii) in respect of taxes on income not withheld at source, for income relating, as the case may be, to any calendar year or accounting period beginning after the calendar year in which this Convention enters into force;
- (iii) in respect of the other taxes, for taxation where the taxable event of which will occur after the calendar year in which this Convention enters into force.

3. The Convention between the Government of the French Republic and the Government of the Republic of Cyprus for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital (together with the related Protocol) signed in Nicosia on 18 December 1981, shall terminate and cease to be effective from the date upon which this Convention has effect in respect of the taxes to which this Convention applies in accordance with the provisions of paragraph 2 of this Article.

4. Notwithstanding the provisions of the preceding paragraphs of this Article, where an individual who:

a) was a national of both Contracting States, and

b) was a resident of a Contracting State on the date of signature of the Convention, and

c) on that date was eligible to receive salaries, wages and other similar remuneration paid by the other Contracting State or a political subdivision or a local or territorial authority thereof, or by one of their public law entities, for services rendered in the Contracting State in which the individual was a resident, that were taxable only in the latter State according to Article 20 of the Convention between the Government of the French Republic and the Government of

the Republic of Cyprus for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital (together with the related Protocol) signed in Nicosia on 18 December 1981,

such salaries, wages and other similar remuneration shall, notwithstanding the provisions of Article 18 of this Convention, be taxable only in the Contracting State of residence as long as the individual remains a resident of that State and receives salaries, wages and other similar remuneration paid by the other Contracting State.

5. Notwithstanding the provisions of the preceding paragraphs of this Article, where an individual who:

a) was a resident of a Contracting State on the date of signature of the Convention, and

b) was a national of that Contracting State without being at the same time a national of the other Contracting State, and

c) on that date was eligible to receive pensions and other similar remuneration paid by, or out of funds created by, the other Contracting State or a political subdivision or a local or territorial authority thereof, or by one of their public law entities, in respect of services rendered to that other Contracting State, subdivision, authority or entity that were taxable only in that other Contracting State according to Article 20 of the Convention between the Government of the French Republic and the Government of the Republic of Cyprus for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital (together with the related Protocol) signed in Nicosia on 18 December 1981,

such pensions and other similar remuneration shall, notwithstanding the provisions of Article 18 of this Convention, be taxable only in that other Contracting State as long as the individual remains a resident of the first-mentioned Contracting State and receives pensions and other similar remuneration paid by the other Contracting State.

ARTICLE 30 TERMINATION

1. This Convention shall remain in force indefinitely but either of the Contracting States may, on or before 30th June in any calendar year beginning after the expiration of a period of five years from the date of its entry into force, give to the other Contracting State, through diplomatic channels, written notice of termination.

2. In such event the Convention shall cease to have effect:

(a) In the case of Cyprus:

- (i) in respect of taxes withheld at source, in respect of amounts paid or credited on or after the first day of January of the calendar year next following that in which the notice was given; and
- (ii) in respect of other taxes for taxation years beginning on or after the first day of January of the calendar year next following that in which the notice was given.

(b) In the case of France:

- (i) in respect of taxes on income withheld at source, for amounts taxable after the calendar year in which the notice of termination is given;
- (ii) in respect of taxes on income not withheld at source, for income relating, as the case may be, to any calendar year or accounting period beginning after the calendar year in which the notice of termination is given;
- (iii) in respect of the other taxes, for taxation where the taxable event of which will occur after the calendar year in which the notice of termination is given.

In witness whereof, the undersigned, duly authorized thereto, have signed this Convention.

Done at....., on..... day of 20....., in duplicate, in the Greek and French languages, both texts being equally authentic.

For the Government
of the Republic of Cyprus

For the Government
of the French Republic

PROTOCOL

At the time of signature of the Convention between the Government of the French Republic and the Government of the Republic of Cyprus for the elimination of double taxation with respect to taxes on income and the prevention of tax evasion and avoidance, both Governments have agreed that the following provisions shall form an integral part of the Convention.

- 1.** In relation to subparagraph b) of paragraph 1 of Article 3, the French overseas territorial authorities are Guadeloupe, Guyane, Martinique, Réunion and Mayotte. The French competent authority shall notify, through diplomatic channels, the Cypriot competent authority of any change on that list.
- 2.** Notwithstanding any other provisions of this Convention, a collective investment vehicle which is established in a Contracting State, and assimilated under the domestic law of the other Contracting State to a collective investment vehicle, is entitled to the benefits of the provisions of Article 10 and 11 for the fraction of income corresponding to the rights held by persons who are residents of either Contracting State or by persons who are residents of any other State with which the Contracting State from where dividends or interests derived, has concluded an agreement of administrative assistance with a view to the prevention of tax evasion and avoidance. This paragraph shall not affect the application of the provisions of this Convention to collective investment vehicles that are residents of a Contracting State as per Article 4 of this Convention.
- 3.** For the purpose of Article 4, “public law entity” means a statutory body which performs public functions but does not include such a body when carrying on industrial or commercial activities.
- 4.** With reference to Article 4 paragraph 4, this provision shall not be construed as restricting in any way Cyprus right to tax, under its domestic law, the residents of Cyprus. With reference to Article 22, in order to eliminate double taxation on income derived by a resident of Cyprus through an entity referred to in paragraph 4 of Article 4, Cyprus shall allow as a tax credit on such income an amount equal to the tax paid in France. Such credit shall not, however, exceed that part of the tax, as computed before the credit is given, which is attributable to such income.
- 5.** Within the meaning of Article 4, it shall not be considered as a resident of a Contracting State, a person, in particular a trustee, who although meeting the definition of paragraphs 1, 2, 3 and 4 of this Article, is only the apparent beneficiary of the income, the said income actually benefiting, either directly or indirectly through the intermediary of other individuals or legal persons, to a person who cannot himself be considered as a resident of that State within the meaning of this Article.
- 6.** In respect of Article 19, it is understood, that the words “business trainee or apprentice” shall include any person who volunteers to international settings as defined by Articles L122-1 et seq. of Chapter II of Title II of the first Book of the French National Service Code, or any other identical or substantially similar provisions entered into force after the date of signature of the Convention.

In witness whereof, the undersigned, duly authorized thereto, have signed this Protocol.

Done at....., on..... day of 20....., in duplicate, in the Greek and French languages, both texts being equally authentic.

For the Government
of the Republic of Cyprus

For the Government
of the French Republic