



Convention Between

The government of The Kingdom of Saudi Arabia
And The government of The Syrian Arab Republic

The Avoidance of Double Taxation And the Prevention
of Tax Evasion With Respect to Tax on Income and on Capital



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The Government of the Kingdom of Saudi Arabia and the Government of the Syrian Arab Republic, desiring to conclude a Convention for the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income and capital; Have agreed as follows:

Article 1 (Persons Covered)

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

Article 2 (Taxes Covered)

1. This Convention shall apply to taxes on income and capital imposed by a Contracting State or its local authorities thereof, irrespective of the manner in which they are levied.
2. There shall be regarded as taxes on income and capital all taxes imposed on total income, total capital or on elements of income or of capital, including taxes on gains from the alienation of movable or immovable property, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.



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Article 2 (Taxes Covered)

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

A. in the case of the Kingdom of Saudi Arabia:

1. Zakat;
2. The income tax including the natural gas investment tax;(Hereinafter referred to as the "Saudi Tax");

C. in the case of the Syrian Arab Republic:

- (i) The income tax on commercial, industrial and non-commercial profits.
- (ii) The income tax on salaries and wages.
- (iii) The income tax on non-residents.
- (iv) The income tax on capital revenues from movable and immovable property.
- (v) The tax on proceeds of real estates and lands.
- (vi) Additions to taxes imposed by percentages of the above-mentioned taxes, including additions to taxes imposed by the local authorities. (Hereinafter referred to as the "Syrian tax");;

4. This Convention shall also apply to 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 "a Contracting State" and "the other Contracting State" mean the Kingdom of Saudi Arabia or the Syrian Arab Republic, as the context requires;
 - (b) the term "Kingdom of Saudi Arabia" means the territory of the Kingdom of Saudi Arabia which includes the area outside the territorial waters, where the Kingdom of Saudi Arabia exercises its sovereign and jurisdictional rights in their waters, sea bed, sub-soil and natural resources by virtue of its law and international law;
2. The term "Syria" mean, according to the International Law, the territory of the Syrian Arab Republic, including its internal waters, territorial sea, subsoils of such territories, and the airspace above these areas, over which Syria has sovereign rights, and the other marine areas, over which Syria has the right to exercise sovereign rights for the purpose of exploration, exploitation and preservation of natural resources

Article 3 (General Definitions)

- (c) The term “Person” includes an individual, a company and any other body of persons, including State agencies and local authorities, and public or private institutions and authorities.
- (d) The term “Company” means any body corporate or any entity that is treated as a body corporate for tax purposes.
- (e) 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.
- (f) The term “National” means:
- (i) any individual possessing the nationality of a Contracting State
 - (ii) The income tax on salaries and wages.
- (g) 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 the ship or aircraft is operated solely between places in the other Contracting State;

Article 3 (General Definitions)

(h) The term “Competent authority” means:.

- (i) in the case of the Kingdom of Saudi Arabia, the Ministry of Finance represented by the Minister of Finance or his authorized representative;
- (ii) In the case of the Syrian Arab Republic, the Minister of Finance or his authorized representative.

3. 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 the 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:
 - (a) 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.
 - (b) The government agencies of a Contracting States, or any of their institutions, corporate bodies or local authority.
 - (c) A legal person incorporated under the laws of a Contracting State and that is generally exempt from tax in that State.

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 only of the Contracting State in which he has a permanent home available to him; if he has a permanent home available to him in both Contracting States, he shall be deemed to be a resident only of the Contracting State with which his personal and economic relations are closer (“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 not a permanent home available to him in either Contracting State, he shall be deemed to be a resident only of the Contracting State in which he has a habitual abode;

Article 4 (Resident)

- (c) if he has a habitual abode in both Contracting States or in neither of them, he shall be deemed to be a resident only 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 of the Contracting States shall settle the question by mutual agreement.
3. Where by reason of the provisions of paragraph (1) of this Article, a person other than an individual is a resident of both Contracting States, then it 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 Convention, the term “Permanent Establishment” means a fixed place of business through which the business of an enterprise is wholly or partly carried on.



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Article 5 (Permanent Establishment)

2. The term “Permanent Establishment” includes especially.

- (a) A place of management.
- (b) A branch.
- (c) An office.
- (d) A factory.
- (e) A workshop.
- (f) A point of Sale.
- (g) A mine, a quarry or any other place of extraction of natural resources.

3. The term “Permanent Establishment” also includes:

- (a) A building site, a construction, assembly or installation project, or supervisory activities, in connection therewith, but only where such site, project or activities continue for a period more than 6 months.
- (b) the furnishing services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose, but only where activities of that nature continue (for the same or a connected project) within a Contracting State for a period or periods aggregating more than six months in any twelve-month period.

Article 5 (Permanent Establishment)

4. A person working in a Contracting state, on behalf of An enterprise in the other Contracting state, other than the agent having independent capacity that is subject to paragraph (5) of this Article, if that person has authority in said Contracting state to conclude contracts in the name of the enterprise and usually practices such authority.
5. Notwithstanding the preceding provisions of this article, the term "Permanent Establishment" shall be deemed not to include the fixed workplace utilized solely for one or more of the following:
 - (a) The use of facilities solely for the purpose of storage or display 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 or display.
 - (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 advertising, presenting data, or conducting scientific researches or any other activity of a preparatory or auxiliary character.

Article 5 (Permanent Establishment)

6. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other State through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business. However, when the activities of such an agent are devoted wholly or almost wholly on behalf of that enterprise, he will not be considered an agent of an independent status within the meaning of this paragraph.
7. An enterprise in a Contracting state shall not be deemed having permanent establishment in the other Contracting state, just for – after the completion of conference or trade fair – selling samples of commodities or goods offered at the conference or trade fair in the other Contracting State.
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 out its 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.

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 Contracting State.
2. The term “Immovable Property” shall have the meaning which it has under the law or regulations 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, boats and aircraft shall not be regarded as immovable property.
3. The provisions of paragraph (1) of this Article shall apply to income derived from the direct use, letting or use in any other form of immovable property.
4. The provisions of paragraphs 1 and 3 of this Article shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

Article 7 (Business Profits)

1. Profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries out business in the other Contracting State through a permanent establishment situated therein. In this case, the profits of the enterprise from such activities may be taxed in the other Contracting State but only so much of them as is attributable to that permanent establishment.
2. Where an enterprise of a Contracting State has a permanent establishment situated in the other Contracting State, there shall in each Contracting State be attributed to that permanent establishment the business profits which it might be expected to make if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

Article 7 (Business Profits)

3. In the determination of the profits of a permanent establishment of a Contracting State in the other Contracting State, there shall be allowed as deductions expenses which are incurred for the purposes of the business in that State, including executive and general administrative expenses so incurred, whether in that State or elsewhere. no such deduction shall be allowed in respect of amounts, paid by the permanent establishment to its head office or any of its other offices, by way of royalties, fees, commissions or other similar payments in return for the use of patents or other rights, or for management, or , except in the case of a banking enterprise, by way of income from debt-claims with regard to moneys lent to the permanent establishment.
4. Notwithstanding the other provisions, the business profits made by an enterprise in a Contracting state from exporting goods to the other Contracting state shall not be taxable in the other Contracting state. If export contracts involve other activities being practiced in the other Contracting state, the related profits shall be taxable in the other Contracting state.

Article 7 (Business Profits)

5. The term “business profits” shall include, but not limited to, income derived from manufacturing, mercantile, banking, insurance, the furnishing of services and the rental of movable personal property. Such a term shall not include the performance of personal services by an individual either as an employee or in an independent capacity.
6. 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 nothing in Paragraph (2) shall 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, however, be such that the result shall be in accordance with the principles contained in this Article.

Article 7 (Business Profits)

5. Nothing in this Article shall affect the application of any law of a Contracting State relating to tax levied on profits derived from insurance on non-residents, provided that if the relevant law in force in either Contracting State at the date of signature of this Convention is varied (otherwise than in minor respects so as not to affect its general character) the Contracting States shall consult with each other with a view to agreeing to any amendment of this paragraph as may be appropriate.

6. 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 (Shipping and Air Transport)

1. Profits from the operation of ships or aircrafts in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.
2. If the actual place of effective management of a shipping enterprise is aboard a ship or a boat, then it shall be deemed to be situated in the Contracting State in which the home harbour of the ship or the boat is situated, or, if there is no such home harbour, it shall be deemed to be in the Contracting State of which the operator of the ship or boat is a resident.
3. The provisions of paragraph 1 shall also apply to profits from the participation in a pool, a joint venture or an international operating agency.



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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;
- (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.
- (c) and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

Article 9 (Associated Enterprises)

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 such profits. In determining such adjustment, due regard shall be had to the other provisions of the 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 only in that other Contracting State.



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Article 10 (Dividends)

2. The provisions of paragraph 1 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 Contracting State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

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.



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Article 10 (Dividends)

4. 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 or a fixed base 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.

Article 11 (Income from Debt-Claims)

1. Income from debt-claims arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other Contracting State.



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Article 11 (Income from Debt-Claims)

2. However, such income from debt-claims may also be taxed in the Contracting State in which it arises, if the debt-claims are effectively connected with a permanent establishment of the receiver of income in that state or associated with independent personal services performed by the receiver of income in such state . In such case, the provisions of Article 7 or Article 14 as the case may be, shall apply. In other cases, if the receiver is the beneficial owner of income from debt-claims, the imposed tax shall not exceed 7.5% of total amount of income. The competent authorities of the Contracting States shall agree on the application mode of the provision.
3. The term “Income from Debt-Claims” as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor’s profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as income from debt-claims for the purpose of this Article.



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Article 11 (Income from Debt-Claims)

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 income from debt-claims, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the amount paid 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.



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Article 12 (Royalties)

2. However, such royalties may also be taxed in the Contracting State in which they arise, if the right or property in respect of which the royalties are paid is effectively connected with a permanent establishment of the receiver of income in that state, or associated with independent personal services performed by the receiver of income in that state. In such case, the provisions of Article 7 or Article 14 as the case may be, shall apply. In other cases, if the receiver is the beneficial owner of royalties, the imposed tax shall not exceed 15% of total amount of royalties. The competent authorities of the Contracting States shall agree on the application mode of the provision.

3. The term “royalties” as used in this Article means payment of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films, or films or tapes used for radio or television broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial, or scientific equipment, or for information concerning industrial, commercial or scientific experience.



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Article 12 (Royalties)

4. Royalties shall be deemed to arise in a Contracting State when the payer is the State, an agency, local authority or a resident of such 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 State in which the permanent establishment or fixed base is situated.
5. 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 amount paid shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.



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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) situated in the other Contracting State may be taxed in that other Contracting 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 or of movable property effectively connected with independent personal services under Article 14 performed by the alienator in that other state, including the capital gains resulting from alienation of such permanent establishment - may be taxed in that other Contracting State.
3. Notwithstanding the provisions of paragraph 2, capital gains from the alienation of the ownership of shares that constitute a share in the capital of a resident company in a Contracting State, shall be taxable in the State where the company is situated.
4. Capital 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.



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Article 14 (Independent Personal Services)

1. Income derived by an individual who is a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that State except in the following circumstances:
 - (a) If he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities.
 - (b) If his stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate 183 days in the professional tax year.
 - (c) If the income generated from activities in the other Contracting state, is paid by resident in such Contracting State or is incurred by a permanent establishment existing in that Contracting State, in excess of \$ 30,000 (Only thirty thousand U. S. Dollars). In such case, the income generated from individual activities in that other Contracting State may be taxed in that State.

2. The term “professional services” includes, especially, independent scientific, literary, , educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.



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Article 15 (Dependent Personal Services)

1. Subject to the provisions of Articles 16, 18 & 19, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of his employment shall be taxable only in that Contracting State unless the employment is exercised in the other Contracting State. In such case, the income from that employment may be taxed in that other Contracting State, in any of the following cases:
 - (a) The recipient is present in the other Contracting State for a period or periods exceeding in the aggregate 183 days in the fiscal year concerned.
 - (b) The remuneration is paid by, or on behalf of, an employer who is a resident of the other Contracting State
 - (c) The remuneration is borne by a permanent establishment that the employer has in the other Contracting State.

2. Notwithstanding the preceding provisions of this Article, remuneration derived by a resident of a Contracting State in respect of an employment exercised aboard a ship or aircraft operated in international traffic, may be taxed in the Contracting State in which the place of effective management of the enterprise is situated.



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Article 16 (Directors' Remunerations)

Directors' remunerations 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 Contracting State.

Article 17 (Artistes and Sportspersons)

1. Notwithstanding the provisions of Articles 14 and 15 , 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, from that resident's personal activities as such exercised in the other Contracting State, may be taxed in that other Contracting State.
2. Where income in respect of personal activities exercised by an entertainer or a sportsperson acting as such accrues not to the entertainer or sportsperson but to another person, 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 sportsperson are exercised.



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Article 18 (Pensions)

1. Subject to the provisions of Article 19, 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 paid and other payments made according to the social security law of a Contracting State may be taxable only in that State.
3. Both Paragraphs (1) & (2) shall not affect the applicable laws of a Contracting State as regards to the exceptions of pensions.

Article 19 (Government Service)

Salaries, wages and other similar remuneration, other than a pension, paid by a Contracting State, a local authority or a public corporate body thereof to an individual in respect of services rendered to that State, subdivision or authority shall be taxable only in that State, unless the performed services are associated with industrial or commercial activities executed by the Contracting State, its local authority or public corporate body in the other Contracting State – in such case, such incomes may be taxable in the other Contracting State.



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Article 20 (Students)

1. Payments which a student or trainee who is or was a resident of a Contracting State and who is present in the other Contracting State for the purpose of education or training receives for the purpose of his maintenance, education or training shall not be taxed in the other Contracting State, provided that such payments arise from sources outside that other Contracting State.
2. Payments received by the student, trainee who is or was a resident of a Contracting State and who is present in the other Contracting State for the purpose of education or training and which constitute remuneration in respect of services performed in that other Contracting State shall not be taxed in that other Contracting State, provided the services are connected with education or training or are necessary for maintenance purposes.

Article 21 (Teachers and Researchers)

Remunerations which a teacher or researcher who is or was a resident in a Contracting State prior to being invited to the other Contracting State for the purpose of teaching or conducting research receives in respect of such activities shall not be taxed in that other Contracting State for a period not exceeding 2 years.



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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 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 of this Convention, 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, 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.



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Article 23 (Capital)

1. Capital represented by immovable properties owned by a resident of a Contracting State and situated in the other Contracting State, may be taxable only in that other Contracting State.
2. Capital represented by movable properties forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State, or represented in movable properties associated with fixed base belonging to a resident of a Contracting State in the other Contracting State for performing independent personal services - may be taxed in that other State.
3. Capital represented by ships and aircraft that are operating in international traffic , and by 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 is situated.
4. All other elements of capital of a resident of a Contracting State shall be taxable only in that State.



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Article 24 (Elimination of Double Taxation)

1. Where a resident of a Contracting State derives income or owns capital which may be taxed in the other Contracting State in accordance with the provisions of this Convention, the first-mentioned State shall, subject to the provisions of paragraph 2, exempt such income or capital from tax.
2. Where a resident of a Contracting State derives item of income which may be taxed in the other Contracting State in accordance with provisions of Articles 10 and 11, the first-mentioned State shall allow as a deduction from the tax on the income of that resident an amount equal to the tax paid in that other State. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable to such item of income derived from that other State.



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Article 25 (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 the Contracting State of which he is a resident. The case must be presented within two (2) years from the first notification of the action resulting in taxation not in accordance with the provisions of this Convention.
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 the avoidance of taxation which is not in accordance with this Convention. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.



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Article 25 (Mutual Agreement Procedure)

3. The competent authorities of both Contracting States shall endeavor to resolve, by mutual agreement, any difficulties or doubts arising as to the interpretation or application of this Convention. They may also consult together for the elimination of double taxation in cases not provided for in this Convention.
4. The competent authorities of the Contracting States may by mutual agreement settle the appropriate mode of application of this Convention and, especially, the requirements to which the residents of a Contracting State shall be subjected in order to obtain, in the other State, the tax reliefs or exemptions provided for by this Convention.



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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 Convention or enforcement of the domestic laws of the Contracting States concerning taxes covered by this Convention insofar as the taxation thereunder is not contrary to this Convention. The exchange of information is not restricted by Article 1 of this Convention. Any information received by a Contracting State shall be treated as confidential 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, or the determination of appeals in relation to, the taxes covered by this Convention. Such persons or authorities shall use the information only for such purposes, and they may disclose the information in public court proceedings or in judicial decisions.



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Article 26 (Exchange of Information)

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 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 order (ordre public).

Article 27 (Special Provisions)

1. Income from dividends stated in Article (10) and income from debts-claim stated in Article (11) generated by the government of a Contracting State its local authorities or public bodies fully owned thereby, (including the Saudi Central Bank (SAMA) in the Kingdom of Saudi Arabia and the Central Bank of Syria in the Syrian Arab Republic) in the other Contracting State, besides any profits arising from the transfer of ownership of shares or from debt claim, or any equity derived from that income – shall be exempted from tax in the other Contracting State.



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Article 28 (Members of Diplomatic Missions and Consular Posts)

Nothing in this Convention shall affect the tax privileges granted members of diplomatic missions or consular posts, or members of the permanent missions of international organizations who are nationals of the Contracting States under the general rules of international law or under the provisions of special agreements.

Article 29 (Entry into Force and Termination)

1. Each of the Contracting States shall notify the other through diplomatic channels the completion of the procedures required by its law for the entry into force of this Convention. The Convention shall enter into force on the first day of the month following the month in which the latter of these notifications was received.
2. The provisions of the Convention shall apply for the first time:
 - (a) With regard to withholding taxes at source, in respect of amounts paid on or after the first day of January following the year upon which the Convention entered into force.
 - (b) With regard to other taxes on other incomes and capital, in respect of taxable years beginning on or after the first day of January of the calendar year following the year upon which the Convention entered into force.



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Article 29 (Entry into Force and Termination)

3. This Convention shall remain in force for ten years, and then shall become enforceable indefinitely. Either Contracting States may terminate the Convention by giving to the other Contracting State written notice of termination within twelve months prior to the Convention expiry. Either Contracting State may, following the end of ten years, terminate the Convention at any time, after submitting a written notice at least twelve months before the date of its desire of termination.

4. In such event the Convention shall cease to apply:

- (a) With regard to withholding taxes at source, in respect of amounts paid following 31 December of the calendar year, in which such termination notice is given; and
- (b) With regard to other income taxes, in respect of income generated at the first taxable year beginning after the end of the calendar year, in which such termination notice is given.
- (c) With regard to capital taxes, in respect of capital owned following the end of the first day of January of the calendar year by the end of which, the Agreement shall expire.

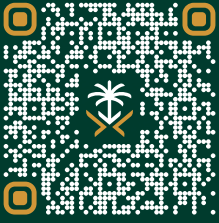
In witness whereof the undersigned, being duly authorized thereto, have signed this Convention. Done in duplicate in Damascus on 18th Shawwal 1430H, corresponding to the 1st day of October 2009, in Arabic Language.



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Protocol

3. the attached Protocol to the Convention between the Government of the Kingdom of Saudi Arabia and the Government of the Syrian Arab Republic for the Avoidance of Double Taxation and the Prevention of Tax Evasion with Respect to Tax on Income & Capital.
 1. As regards both Articles. 11 and 12, it is agreed as follows:
 2. If the Syrian Government agrees – pursuant to agreement concluded with any other state for avoiding the double taxation – upon applying rates lesser than those set forth in the Second Paragraph of both Articles 11 and 12 of this Convention, the Syrian Arab Republic shall automatically apply this lesser rate to the residents in the Kingdom of Saudi Arabia.
 3. Without prejudice to Article 10 of this Convention on dividends, the provisions of the Convention shall not hinder the application of Syrian Law in force on the dividends received by the Syrian citizen for the shares owned thereby in the Kingdom of Saudi Arabia.
 4. The provisions of Article 24 on the avoidance of double taxation shall not prejudice Zakat Collection Law that is applicable in the Kingdom of Saudi Arabia to Saudi citizens.
 5. This Convention shall not affect the provisions of the agreement on the exchange of exemption from taxes and fees as to the activities and equipment of Arab Air Carriers Organization, executed in the framework of the Council of Arab Economic Unity.
 6. This Convention shall not hinder any Contracting State from applying its local laws and regulations of taxation in association with combating the tax evasion.



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