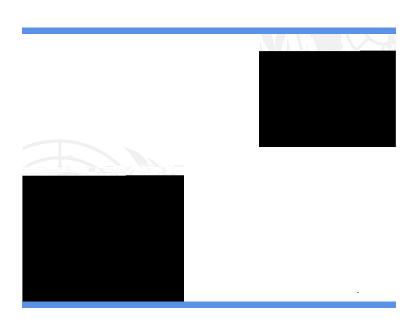


Withholding tax on rent for immovable property

- "nder almost all treaties# rent for imr are taxable without any restrition by the immovable property is loated
- %ost ountries provide for a withholding tax on gross payments of rent and payments of resour e royalties to

ıs may#1849 (y)25.641 (m)49 (s.4305023 (o)4.72005 (w) - 83349112 (p)4.71692 (e)4.71692 (#(o)4.72005 (f) -4.05023 ()8.05023 (g)4.71692 (r) -0.33491 v

't3.001]tO



Withholding tax on royaltie

1ara 2/ of the 8ommentary on Art) /
6B some members pointed out that
devi es entered into by persons to
the provisions of Arti le /2 throughs
or assignment of agreements for the use# right or
information with respe t to intangible assets for whi h

) While substan e over form rules# ples or any similar do trine ould th arrangements# 8 ontraiting nt to spe ifially address the issue on the following lines in their Climited PPT rule07

e O28 ' 8ommentary dealing ship of ertain rights

The definition of royalties

The term 6royalties7 as used in this Arti of any >ind re eived as a onsideration

- for the use of# or the right to use#
 - any opyright of literary# artisti or s ientifi wor> in luding
 films or tapes used for radio or television

design or model# plan# se ret formula or

to use# industrial# ommer ial

ing industrial# ommer ial or

/*

The definition of royalties

- As previously dis ussed# the appli a raises a number of issues
 - ' istin tion with payments for the a quisi software and time&limited or geographia
 - · 'istin tion with payments for servi es
- \$hould the definition be amended and if yes# howE

/2

//

Aew "A 8ommentary on payments for the use of 48\$ equipment

 62quipment7 is not defined so domes under Art) !.20 but

6A feature that is always present is that the used in the performan e of a tass) 4t is a toor used by a business in the sense that it is not enfoyed for its own sa>e) Thus# for example# a _ar rented by a tourist will not be _onsidered to be

equipment in lude intelle tual property#
ered by Arti le +# or property overed by
mer ial or s ientifi equipment is learly a
may# outside of a onsumer ontext#
re list0 ships# air raft# ars and other
ers# satellites# pipelines and ables et)7

/1

Aew "A 8ommentary on the use of 48\$ equipment

- Aeed to distinguish between paymer equipment
- 9inan ial leases, 6 B the instalments
 pur haser? hirer do not# in prin iple# onstitute royalties/
 Commentary includes a number of factors that would

. 71692005(t)-42005(s.72005()-4.0528

/(

4s the non&resident entitled to a reduction?exemption unde

- 4dentifi ation of the \$tate of res re ipient,
 - Appli ation of Art) (
 - 8 ertifi ates of residen e, pra ti al issues
 - Other administrative approa hes

es

treaty shopping situations visions

appli able provisions of the

/ !

4dentifi ation of the appli a provisions of the relevant

• 'oes the ri;

