

Overview

- Application of Art. 6 and 7 in th and oil / gas extraction
- Coverage of exploration activities and activities on the continental shelf

o the exploration and il reso rces

\$ eaning of income from immove *Io propert+ - Art. 6%!' 2he provisions of paragraph & shall also appl+ from the direct se, letting or se in an+ other propert+. ish *etween income derived ropert+ and income derived propert+

)ncome 3from4 immova*le

-)ncome derived 3from4 immova*le proincome that res Its directl+ from the opossession of real propert+4 %as indic Commentar+ on the &80! \$exico and \$odel of the 9eag e of nations'
- 2his incl des t+picall+

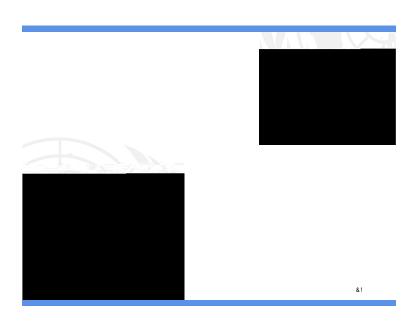
an owner:occ pied ho se ntries'; this corresponds to 3the pert+

ner or possessor of the

>ights to the extraction of nat_ral_reso_rces

-)n man+ co ntries ownership of land ownership of ndergro nd minerals,
-)n order to *e a*le to extract mineral enterprise m st therefore o*tain 3extraction4 rights, s all+ from the -tate

constit te 3immova*le propert+4



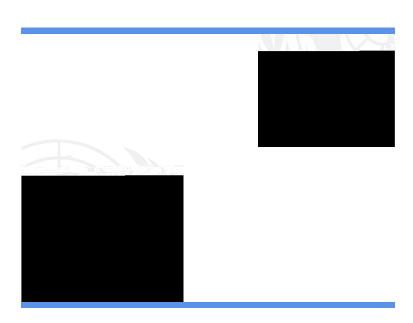
Anal+sis nder the >:- trea

- 2he mine constit tes a PE in -tate -, mining are therefore taxa*le in -tate
- -ince the reso rce ro+alties paid *+:
 government of -tate -, -tate pro*a --- accordant tax
 them %if these ro+alties were paid *+ >Co to a non:
 resident taxa*le person, s ch ro+alties wo ld *e taxa*le

lel, the PE cannot claim a l4 reso rce ro+alt+ pa+a*le *+ the t ma+ ded ct real expenses, i.e.

&7

Example of special treat+ if ticle . (cont/* 2. 2he term Greal propert+G shall have the meaning with the Contracting - tate in which the propert+ in 5 estion a' an+ nat ral reso roes, propert+ accessor+ to real provisions of general law respecting real propert+ appl+, and rights to standing tim*er b' a lease of land and an+ other interest in or over land, whether improved or effor nat ral reso roes, and a right to exploit ed pa+ments either as consideration for or in



Example of special treat+

rticle &&

Transmedian line oil and gas fields

&. 2he provisions of this Article shall appl+ not provisions of this Convention where the Hovern

Contracting - tates have entered into an Agreement relating to the foint exploitation of a field which extends across the dividing line and that

for the application of these provisions.

rod ction installations for a field are a+, s *Eect to paragraph!, tax, in at -tate, profits from the exploitation of ee of that -tate and shall not tax an+ensee of the other Contracting -tate.

