**Disclaimer: The official version of the law and any amendments thereto is published in Arabic in the Official Gazette. This version of the law, including amendments thereto, is provided for guidance and easy reference purposes. The Legislation & Legal Opinion Commission does not accept any liability for any discrepancy between this version and the official version as published in the Official Gazette and / or any inaccuracy or errors in the translation.**

**For any corrections, remarks, or suggestions, kindly contact us on translate@lloc.gov.bh**

**Published on the website on May 2024**

**Legislative Decree No. (28) of 2000 ratifying the Convention between the Government of The State of Bahrain and the Government of Syrian Arab Republic for the Avoidance of Double Taxation and the Prevention of Tax Evasion with respect to Taxes on Income**

We, Hamad bin Isa Al Khalifa, Emir of the State of Bahrain;

Having reviewed the Constitution

Emiri Order No. (4) of 1975;

The Convention Between the Convention between the Government of The State of Bahrain and the Government of Syrian Arab Republic for the Avoidance of Double Taxation and the Prevention of Tax Evasion with respect to Taxes on Income, signed in Manama on 22 Jumada al-Akhir 1412 A.H. corresponding to 20 September 2000;

And upon the submission of the Minister of Finance and National Economy,

And after the approval of the Council of Ministers,

**Hereby Decree the following Law**

**Article One**

Convention Between the Convention between the Government of The State of Bahrain and the Government of Syrian Arab Republic for the Avoidance of Double Taxation and the Prevention of Tax Evasion with respect to Taxes on Income, signed in Manama on 22 Jumada al-Akhir 1412 A.H. corresponding to 20 September 2000, attached to this Law has been ratified.

**Article Two**

The Ministers \_ each within his jurisdiction \_ shall implement the provisions of this Law, and it shall come into force the date of its publication in the Official Gazette.

**Emir of the State of Bahrain**

**Hamad bin Isa Al Khalifa**

Issued in Riffa Palace

On: 20 Rajab 1421 A.H.

Corresponding to: 18 October 2000

**Convention between the Government of The State of Bahrain and the Government of Syrian Arab Republic for the Avoidance of Double Taxation and the Prevention of Tax Evasion with respect to Taxes on Income and on Capital**

The Government of the State of Bahrain and the Government of the State of the Syrian Arab Republic, desiring to strengthen their mutual economic relations by concluding a Convention between the Government of The State of Bahrain and the Government of Syrian Arab Republic for the Avoidance of Double Taxation and the Prevention of Tax Evasion with respect to Taxes on Income,

Have agreed on the following:-

**Article (1)**

**Personal Scope**

This Convention shall apply to persons who are residents of either or both of these two States.

**Article (2)**

**Taxes covered by the Convention**

1- This Convention shall apply to taxes on income imposed in either of the Contracting States or in its local authorities, irrespective of the method by which they are levied.

2- Taxes on income are all taxes imposed on total income or on elements of income, including taxes on profits resulting from the transfer of ownership of movable or immovable property, taxes on total wages and salaries paid by enterprises, as well as taxes on income, increases in the value of capital.

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

(a) In the State of Bahrain:

Any income tax presumed that in the Kingdom of Bahrain after the date of signing this Convention excluding the income tax imposed on oil companies under Legislative Decree No. 22 of 1979).

(b) In the Syrian Arab Republic:

(1) Tax on commercial, industrial and non-commercial gains.

(2) Income tax on wages and salaries.

(3) Income tax on non-residents.

(4) Tax on income from movable and immovable capital.

(5) Increases and allowances imposed as a percentage of the taxes mentioned above, or in any other form or ratio.

(Hereinafter referred to as "Syrian tax").

4- The present Convention shall also apply to any identical or substantially similar taxes imposed in accordance with the laws of a Contracting State after the date of signature of the Convention in addition to or in place of existing taxes. The competent authorities of both Contracting States shall notify each other of fundamental changes in their respective tax laws within a period not exceeding six months from the date of entry into force of such changes.

**Article (3)**

**General Definitions**

For the purposes of this Convention, unless the context otherwise requires:

a) The terms (Contracting State) and (other Contracting State) mean Bahrain or Syria as the context requires.

b) The term "Bahrain" means the State of Bahrain including in its geographical sense the lands, islands, territorial sea, contiguous zone and any maritime area beyond the territorial seas of the State of Bahrain, where such area is or is likely to become in the future classified under the national law of the State of Bahrain and in accordance with international law as an area in which the State of Bahrain is entitled to exercise its rights with respect to its seabed, subsoil and natural resources.

c) The term "Syria" means the Syrian Arab Republic in its geographical sense and means the territory of the Syrian Arab Republic, the mainland, the subsoil beneath it, the airspace above it and all areas outside Syrian territorial waters over which Syria exercises its right of sovereignty in accordance with international law for the purpose of exploring and exploiting living natural resources and non-living beings, for the waters above the seabed, the seabed and its subsoil.

d) The term "person" includes an individual, a company or any other body of persons.

e) The term "citizen" means any individual possessing the nationality of a Contracting State as well as any legal person deriving its status from the laws in force in that Contracting State.

f) The term "company" means any legal person or any entity treated as a legal person for tax purposes.

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, and the word "enterprise" in this Convention means "enterprise" in relation to both Contracting States.

h) The term "international carriage" means any carriage performed by a ship or aircraft operated by an enterprise of a Contracting State, except where the ship or aircraft is operated solely between places in which the other Contracting State is situated.

i) The term "tax" means Bahraini tax or Syrian tax, as the context requires.

j) The term “competent authority” means:

(1) For the State of Bahrain: The Minister of Finance and National Economy or his legal representative.

(2) For the Syrian Arab Republic: The Minister of Finance or his authorised representative.

k) The term "fixed registered office" means the permanent place where professional services or any other activity of an independent nature are carried out.

2- In the application of this Convention by any Contracting State at any time, any term not defined therein shall, unless the context otherwise requires, have the same meaning at that time under the law of that Contracting State concerning taxes. This Convention, and that the meaning of any term in the taxation law of that Contracting State shall have priority over the meaning given to that term in its other laws.

**Article (4)**

**Resident**

1- For the purposes of this Convention, the term "resident of a Contracting State" means:

a- On behalf of the State of Bahrain: A person resident in Bahrain and holding Bahraini citizenship, as well as any company established in Bahrain.

B- On behalf of the Syrian Arab Republic: Any person who, in accordance with Syrian laws, is subject to tax in Syria by reason of his residence, place of abode, place of management or any other criterion of a similar nature. However, this expression does not include any person who is subject to taxation in Syria merely because he obtains income from sources in Syria or from capital located therein.

2- For the purposes of paragraph 1, the term "resident of a Contracting State" also includes:

a) The government of that Contracting State or a local authority of that Contracting State.

b) Any governmental institution or other entity established in that Contracting State and wholly owned, directly or indirectly, by the Government of that Contracting State or a local authority thereof.

c) Any entity established in that Contracting State and whose capital is held by the government of that Contracting State or a local authority of that Contracting State in partnership with the governments of other States or one of their local authorities.

3- Where an individual is, in accordance with the provisions of paragraph (1), a resident of both Contracting States, then his status shall be determined as follows:

a. He shall be deemed to be resident only in the Contracting State in which he has a permanent abode. If he has a permanent abode in both Contracting States, he shall be deemed to be resident only in the Contracting State with which his personal and economic relations are closer (centre of vital interests).

b. If it is not possible to determine the Contracting State in which the centre of vital interests is situated, or if he has a permanent home in neither of the Contracting States, he shall be deemed to be a resident only of the Contracting State in which he has his habitual abode.

c. If he has an habitual abode in both Contracting States, or if he has an habitual abode 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 it is not possible to determine his status in accordance with the provisions of subparagraph (c), the competent authorities of the two Contracting States shall settle the question by mutual agreement.

4- Where by reason of the provisions of paragraph (1) a person other than an individual is deemed to be a resident of both Contracting States, then such person shall be deemed to be a resident only of the Contracting State in which he was established.

**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.

f) A mine, an oil or gas well, a quarry or any place associated with the exploration or exploitation of natural resource.

g) A place used as a sales outlet.

3- A building site, an assembly or installation project or related supervisory activities carried on in a Contracting State shall be deemed to be a permanent establishment only if such site, project or activities continue for a period of more than six months.

4- The performance of services, including consultancy services, by an enterprise of a Contracting State through employees or other workers employed specifically to perform such services, in the other Contracting State, shall be deemed to be a permanent establishment only if such activities continue for the same period of time. enterprise or another enterprise connected with it for a period or Periods aggregating more than six months in any twelve-month period.

5- Notwithstanding the previous provisions of this Article, the term "permanent establishment" shall not include:

a- the use of facilities solely for the purpose of storage or display of goods or of merchandise owned by 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 for the sole purpose of manufacturing them for another enterprise.

d- the maintenance of a fixed place of business for the sole purpose of purchasing goods or merchandise or gathering information for the enterprise.

e- The maintenance of a fixed place of business for the sole purpose of carrying out any other activity of a preparatory or auxiliary nature for the project.

f - The maintenance of a fixed place of business solely for any combination of the activities mentioned in paragraphs "a" to "e", provided that all the activity at the fixed place of business is of a preparatory or auxiliary nature.

6- Maintaining the provisions of paragraphs (1) and (2) above, if a person, other than an agent of an independent status to whom paragraph (7) applies, works in a Contracting State for the benefit of an enterprise of In the other Contracting State, that enterprise shall be deemed to have a permanent establishment. In the first-mentioned Contracting State, in respect of any activity carried on by that person for the benefit of the enterprise, if:

a) He has and habitually exercises in the first-mentioned Contracting State an authority to conclude contracts in the name of that enterprise, unless the activities of such person are limited to those mentioned in paragraph (5) which, if exercised through a fixed place of business, do not constitute such a fixed place of business A permanent establishment in accordance with the provisions of that paragraph.

b) It does not have such a place of business but generally possesses in the first-mentioned Contracting State a stock of goods or merchandise belonging to that enterprise, from which it regularly delivers goods or merchandise on behalf of the enterprise.

c) It was his practice in the first-mentioned Contracting State to obtain purchase orders, in absolute or virtually absolute terms, for the same project or for such a project and other projects in which that project dominates or in which he has a controlling interest.

d) By reason of his work, he manufactures goods or property belonging to the enterprise in that Contracting State and for the benefit of the enterprise.

7- 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 the other Contracting State through a broker, commission agent or other agent of an independent status, provided that the conduct of such persons falls within the ordinary scope of their activities, but if all or most of the activities are devoted to that agent for the benefit of that project and other projects which he controls or in which he has a controlling interest, be deemed to be an agent having independent status within the meaning of this paragraph.

8- Notwithstanding the preceding provisions of this Article, an insurance enterprise affiliated with a Contracting State, except with regard to reinsurance, shall be deemed to have a permanent establishment in the other Contracting State if the enterprise collects insurance premiums in, or insures risks arising in, the territory of that other State through a person who is not an independent agent to whom the provisions of the preceding paragraph apply.

9- 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 carries on business in that other Contracting State (whether through a permanent establishment or by inheritance) shall not of itself constitute either enterprise a permanent establishment for the other enterprise.

**Article (6)**

**Income From Immovable Property**

1 - Income derived by a resident of a Contracting State (including income from agriculture or forestry) from real property 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 of the Contracting State in which the property in question is situated. In any event, the term shall include ownership of immovable property, livestock, machinery and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property, rights to variable or fixed capital. payments in exchange for the working of, or the right to work, reservoirs. Minerals, water sources and other natural resources, ships and aircraft are not considered to be immovable property.

3- The provisions of paragraph (1) shall apply to income derived from the direct use of real property or from its rental or operation in any other manner.

4- The provisions of paragraphs (1) and (2) shall also apply to income from immovable property in a project and to income from immovable property used to perform independent personal services.

**Article (7)**

**Business Profits**

1- Profits attributable to an enterprise of a Contracting State shall be taxable only in that Contracting State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the project carries on business as aforesaid, tax may be charged on the profits of the project in the other Contracting State, but only in respect of that part which is attributable to that permanent establishment. However, payments of any kind received in exchange for the use of, or the right to use, industrial, commercial or scientific equipment shall be treated as profits and the provisions of this Article shall apply to them.

2- Notwithstanding the provisions of paragraph (3), to the extent that an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, the profits which it would be deemed to make if it were a "separate enterprise" and an independent enterprise shall in each Contracting State be attributed to that permanent establishment. It carries on the same or similar activities in the same or similar circumstances and manages independently the project for which it is regarded as a permanent establishment.

3- In the determination of permanent profits, deductible expenses incurred by the enterprise for the purposes of the permanent establishment shall be allowed, including general managerial and administrative expenses so incurred, whether incurred in the Contracting State in which the permanent establishment is situated or elsewhere, "Taking into account the applicable laws or regulations. However, no such deduction shall be allowed in respect of any sums paid - other than those paid in respect of the recovery of actual expenses - by the permanent establishment to the head office of the enterprise or to any other office in the form of royalties, fees or other similar payments for the use of patent rights, rights of invention or other rights, or in the form of commissions for the performance of certain services or for management, or, except in the case of banking projects, in the form of interest on funds lent to the permanent establishment. Similarly, no account shall be taken, for the purpose of determining the profits of the permanent establishment, of funds credited by the permanent establishment to the account of the head office of the enterprise or of any of its other offices - other than those paid by way of recovery of actual expenses - in the form of royalties, fees or other similar payments in return. The use of patent or other rights, or in the form of commissions for the performance of certain services or for management, or, except in the case of banking. projects, in the form of interest on funds charged to the project head office or one of its other offices.

4- No profits shall be attributed to a permanent establishment by reason only that such permanent establishment purchases goods or merchandise for an enterprise.

5- If it is the practice of a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of a pro rata apportionment of the total profits of the project to its several parts, the provisions of paragraph (2) shall not entitle that Contracting State to determine the profits which shall be subject to tax on the basis of such pro rata apportionment. This is the usual practice, but the method of relative apportionment used should lead to a result consistent with the principles contained in this Article.

6- If the information available to the competent authority of a Contracting State is inadequate to determine the profits attributable to the permanent establishment, nothing in this Article shall affect the application of any law or regulation of that Contracting State in determining the tax liability of such permanent establishment. This shall be done by making an estimate of the profits which will be chargeable to tax in respect of that permanent establishment by the competent authority of that Contracting State, provided that such law or regulations are applied, taking into account the information available to the competent authority, and in accordance with the principles of this Article.

7- For the purposes of the preceding paragraphs, income or profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

8- Where profits include clauses 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 of an enterprise of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that Contracting State.

2- For the purposes of this Article, profits from the operation of ships or aircraft in international traffic shall include:

a) profits from the rental of ships and aircraft without crew

b) Profits from the use, maintenance or hire of containers, and similar container shipping vehicles and equipment, which are used to ship goods and merchandise.

The provisions of paragraph (1) shall apply to gains from the participation in a pool, a joint business or an international operating in agency.

4- If the place of effective management of a maritime navigation facility is situated on board a ship, such place of effective management shall be deemed to be situated in the Contracting State in which the port of registry of the ship is situated. If there is no port of registry, it shall be deemed to be situated in the country in which the operator of the ship is resident, i.e. where the hire, use or maintenance is connected with the movement of ships or aircraft in international transport.

**Article (9)**

**Associated Enterprises**

2- 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.

In either case, if conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those made between two independent enterprises, then any profits which would have accrued to one of the two enterprises if those conditions had not been made shall be included in the profits of the other enterprise. Such profits could be added to the profits of that project and are subject to tax accordingly.

2- If a Contracting State includes in the profits of an enterprise of that Contracting State - and subjects them to tax accordingly - the profits of an enterprise of the other Contracting State which are subject to tax in that other Contracting State and the profits comprised therein would have accrued to an enterprise of the first-mentioned Contracting State if the conditions stipulated had been If the conditions between the two projects are the same as those normally established between two independent projects, the other Contracting State shall make an appropriate adjustment to the amount of the profits on which it is subject to tax. In making such an adjustment, the other provisions of this Convention shall be taken into account and the competent authorities of the two Contracting States shall consult each other as necessary.

**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 who is the beneficial owner of such dividends shall be taxable only in that other Contracting State.

2- The term "dividends" as used in this Article means income from shares, "profit" shares, "profit" rights, mining shares, founders' shares or any other rights, not constituting debt-claims, and contributions. to profits, as well as income, which is subjected to the same taxation as income from shares by the laws of the Contracting State of which the company distributing the income is a resident.

3- The provisions of paragraph (1) shall not apply if the beneficial owner of the dividends is a resident of a Contracting State that carries on business in the other Contracting State of which the company paying the dividends is a resident through a permanent establishment situated therein. The dividend-paying company is resident in, or carries on business in, that other Contracting State. Independent personal activities from a fixed position in that other Contracting State and the property in respect of which the dividends are paid are "effectively" connected with that permanent establishment or fixed position. In such a case, the provisions of Article (7) or Article (14), as the case may be, shall apply.

4- Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other Contracting State may not impose any tax on the dividends paid by the company, except to the extent of such dividends paid to the resident of that other Contracting State. Contracting State which is the beneficial owner of the dividends or to the extent that the property in respect of which the dividends are paid is "effectively connected" with a permanent establishment or a fixed centre in that other Contracting State, and may not subject the company to tax on undistributed profits until the dividends paid or the undistributed profits consist wholly or partly of income from profits arising in that other Contracting State.

**Article (11)**

**Interest**

1- Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other Contracting State.

2- However, such interest may also be taxed in the Contracting State in which it arises, and according to the laws of that State, but if the beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed 10% (ten percent) of the gross amount of the interest. The competent authorities of the two Contracting States may decide, by mutual agreement, on the arrangements for implementation, where necessary.

3- Notwithstanding the provisions of paragraph (2) of this Article, interest arising in a Contracting State shall be exempt from tax in that Contracting State if the beneficial owner of the interest is one of the entities referred to in paragraph (2) of Article. (4), and if the debt-claims of a resident of the other Contracting State are guaranteed, insured or financed, directly or indirectly, by a financial institution wholly owned by the government of the other Contracting State or a local authority thereof.

4- 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, as well as income which is subjected to the same taxation as income from money lent under the taxation laws of the Contracting State in which the income arises.

5- The provisions of paragraphs (1) and (2) shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises through a permanent establishment. in the other Contracting State and carries on business therein. The other Contracting State provides independent personal services from a fixed centre situated in the other Contracting State and the indebtedness in respect of which the interest is paid is "effectively” connected with that permanent establishment or fixed position. If the such a case, the provisions of Article (7) or Article (14), as the case may be, shall apply.

6- Interest shall be deemed to arise in a Contracting State when the person paying the interest is a resident of that Contracting State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has a permanent establishment or a fixed base in a Contracting State and the indebtedness in respect of which the interest is paid is connected with such permanent establishment or fixed base, and such permanent establishment or fixed base bears the expense of such interest, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.

7- Where it appears, based "on a special relationship between the payer and the person entitled to such interest, or between the two of them" and between one person and another, that the value of the interest, taking into account the debt for which it is paid, exceeds the value that could have been agreed between the payer and the person entitled to such interest. Interest In the absence of such a relationship, then the provisions of this section apply only to the latter value. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, subject to the other provisions stipulated in this Convention.

**Article (12)**

**Royalties**

1- Royalties arising in a Contracting State and paid to a resident of the other Contracting State are taxable in that other Contracting State.

2- However, such royalties may also be subjected to tax in the Contracting State in which they arise and according to the laws of that Contracting State, but if the beneficial owner of the royalties is a resident of that Contracting State, the tax charged shall not exceed 18 per cent of the total value of the royalties.

3. The term "royalties" as used in this Article means payments of any kind paid or received as a consideration for the use of, or the right to use, any copyrighted literary or artistic work or other subject matter, including cinematography films, works incorporating films, tapes or any other means of production used. With regard to television or radio broadcasting, any patent, trademark, design, model, plan, formula, secret production process or information (industrial secret) relating to industrial, commercial or scientific expertise.

4- The provisions of paragraphs (1) and (2) 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 or carrying on business in that other Contracting State. The other Contracting State provides independent personal services through a fixed base situated in the other Contracting State and the right or property in respect of which the royalties are paid is "effectively connected with" that permanent establishment or fixed position. In such a case, the provisions of Article (7) or Article (14), as the case may be, shall apply.

5- Royalties shall be deemed to arise in a Contracting State if the person paying the royalties is a resident of that Contracting 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 centre, and the obligation to pay the royalties arises in connection with such permanent establishment or fixed centre, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment or fixed centre is situated.

6. Where it is clear, by reason of a special relationship between the payer and the beneficial owner of such royalties, or between both of them and some other person, that the value of the royalties, having regard to the use, right or information for which they are paid, exceeds the value which might have been agreed upon between the payer and the owner. In the absense of such relationship, the provisions of this Article shall apply to the aforementioned value only.  In such a 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 transfer of ownership of immovable property referred to in Article (6) and situated in the other Contracting State may be subjected to tax in that other Contracting State.

2- Gains derived from the transfer of ownership of movable property forming part of the business property of a permanent establishment owned by an enterprise of a Contracting State in the other Contracting State, or from movable property pertaining to a fixed employment available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains derived from the transfer of ownership of such a permanent establishment (alone or with an enterprise as a whole) or from the transfer of ownership of such a permanent establishment a permanent establishment may be taxed in that other Contracting State.

3- Gains derived by an enterprise situated in a Contracting State from the transfer of ownership of ships or aircraft engaged in international transport, or of funds transferred in connection with the operation of such ships or aircraft, shall be subject to tax only in that Contracting State. .

4- Gains from the transfer of ownership of any property other than that referred to in paragraphs (1), (2) and (3) shall be taxable only in the Contracting State in which the person who transfers the property is resident.

**Article (14)**

**Independent Personal Services**

1- Income derived by a resident of a Contracting State in respect of professional services or other activities of an independent nature shall be taxable only in that Contracting State except in the following cases, in which case such income may be taxed in the other Contracting State:

a. If he has a fixed centre regularly available to him in the other Contracting State for the purpose of performing his activities. In such a case, only that part of the income which is attributable to such permanent establishment may be taxed in that Contracting State.

b. If his residence in the other Contracting State extends over a period or periods not exceeding a total of 183 days (during twelve consecutive months), in such case only that part of the income derived from the other Contracting State during such period or periods may be taxed in that Contracting State.

2- The term "professional services" includes in particular independent practical, literary, artistic or educational activities, as well as independent activities exercised by doctors, lawyers, engineers, dentists and accountants.

**Article (15)**

**Dependent Personal Services**

1- Subject to Articles (16), (18), (19), (20) and (21), salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of employment shall be subject to tax only in that Contracting State unless the employment is exercised in the other Contracting State. If the employment is so exercised, the remuneration derived therefrom may be taxed in that other Contracting 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 Contracting State if all of the following conditions are fulfilled:

a) The presence of the resident in the other Contracting State for a period or periods not exceeding in the aggregate 183 days in any continuous period of twelve months.

b) The remuneration was paid by or on behalf of an employer who is not a resident of the other Contracting State.

c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other Contracting State.

3- Notwithstanding the preceding provisions of this Article, remuneration derived from a position exercised aboard a ship or aircraft operated in international transport by a company belonging to a Contracting State shall be taxable only in that Contracting State..

4- An individual who is a citizen of a Contracting State and who is employed by an enterprise of that Contracting State whose principal business is the operation of aircraft in international transport, and who receives remuneration for work performed in the other Contracting State, shall be subject to tax only in the first-mentioned Contracting State in respect of remuneration derived by him from his work therein.

**Article (16)**

**Remuneration of Members of the Board of Directors**

Salaries, remuneration and other similar payments derived by a resident of a Contracting State in his capacity as a member of a similar board of directors of a company which is a resident of the other Contracting State shall be taxable only in the first-mentioned Contracting State.

**Article (17)**

**Artists And Sportsmen**

1- Notwithstanding the provisions of Articles (14 and 15), income derived by a resident of a Contracting State in his capacity as an artist (such as a theatre, motion picture, radio, television or musical actor) or an athlete from his personal activities as such exercised in the other Contracting State may be taxed in that other Contracting State.

2- Where income is derived from personal activities exercised by an artist or sportsperson in the aforesaid capacity and such income is not for the benefit of the artist or sportsperson himself but for the benefit of another person, such income, notwithstanding the provisions of Articles (7, 14 and 15), may be subject to tax in the Contracting State in which the activities of the artist or sportsperson were exercised.

3- The provisions of paragraphs (1 and 2) shall not apply to income earned by an artist or athlete who is resident in a Contracting State by performing activities in the other Contracting State if the visit to the other Contracting State was made with the principal support of public funds in the first-mentioned Contracting State, including any local authority or legal person affiliated thereto, nor on income derived by public benefit bodies from such activities, provided that no part of their income is paid or made available for the personal benefit of their owners, founders or members.

**Article (18)**

**Pensions**

1- Subject to the provisions of paragraph (2) of Article (6), pensions and other similar remuneration and annuity paid to an individual resident in a Contracting State in return for past services shall be taxable only in that Contracting State.

2- As used in this Article;

a) the term "pension and other similar benefits" means periodic payments made after retirement in return for past services or in compensation for injuries sustained in connection with past services.

b) The term " annuity " means a " specified sum " payable periodically at specified times during the years of life or during a specified period or which may be determined by virtue of an obligation to pay sums in exchange for adequate and full remuneration. compensation in money or its equivalent.

**Article (19)**

**Government Service**

1- a) Pensions, salaries and similar remuneration, other than pensions, paid by a Contracting State or a local authority to which an individual belongs in exchange for services rendered to that Contracting State or local authority shall be subject to tax only in that Contracting State.

b) However, such pensions, salaries and similar remuneration shall be taxable only in the other Contracting State if the services were rendered in that Contracting State and the individual is a resident of that Contracting State and either of the following conditions is met:

(1) He is a national of that Contracting State.

(2) He does not become a resident of that Contracting State solely for the purpose of providing the services.

2- a) Any pension paid by a Contracting State or a local authority thereof, or by pension funds belonging to that Contracting State to an individual in return for services rendered to that Contracting State or local authority, may be taxed only in that Contracting State.

b) However, such a pension shall be taxable in the other Contracting State only if the individual is a resident and a national of that other Contracting State.

3- The provisions of Articles (15, 16, 17 and 18) shall apply to salaries, wages and other similar remuneration and to pensions in respect of services rendered in connection with work done by a Contracting State or a local authority affiliated thereto.

**Article (20)**

**Students and Apprentice**

1- Payments received by a student or professional apprentice who, before his residence in a Contracting State, is or was a resident of the other Contracting State and was present in the first-mentioned Contracting State solely for the purpose of his studies or training, for the purpose of his residence, studies or training, shall not be subject to tax in that Contracting State, provided that such payments arise from sources outside that Contracting State.

2- With respect to gifts, scholarships and rewards for services not covered by subparagraph (1), the student or apprentice referred to in subparagraph (1) shall also be entitled, for the duration of his studies or training, to the same exemptions, aids and reductions granted to residents of the Contracting State which he visits.

**Article (21)**

**Teachers and Researchers**

An individual who is, or was prior to his visit to a Contracting State, a resident of the other Contracting State and who, at the invitation of the Government of the first-mentioned Contracting State or of a university, college or school, museum or other cultural institution of the first-mentioned State, or as part of an official cultural exchange programme, is present in a Contracting State for a period not exceeding two consecutive years solely for the purpose of teaching, lecturing or conducting research in that field. In that Contracting State, he shall be exempt from tax on remuneration derived from such activity.

**Article (22)**

**Other Income**

1- Without prejudice to the provisions of paragraph (2), the income of a resident of a Contracting State, whatever its source, not covered by the foregoing Articles of this Agreement, shall be taxable only in that Contracting State, wherever arising.

2- However, if such income is derived by a resident of a Contracting State from sources in the other Contracting State, then such income may be subjected to tax in the State in which it arises and according to the laws of that State.

**Article (23)**

**Elimination Of Double Taxation**

1- If a person who is a resident of a Contracting State earns income that may be taxed in the other Contracting State in accordance with the provisions of this Convention, then the first-mentioned State shall deduct from the income tax imposed on that income an amount equal to the tax on the income paid. in the other State, provided that such deduction shall not exceed the amount of tax.income - before the allowance of the deduction - attributable to income that is subject to tax in that other State, as the case may be.

2- If income earned by a resident of a Contracting State is exempt from tax in that State in accordance with any of the provisions of this Convention, then that State, as well as that State, shall take into account the amount of the exempted income when calculating the tax on the remaining income of that resident.

3- For the purposes of deducting income tax in a Contracting State, the tax paid in the other Contracting State shall include tax payable in that other State but exempted or reduced by that Contracting State in accordance with its statutory provisions on tax incentives.

**Article (24)**

**Non - Discrimination**

1- 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 nationals of that other State in the same circumstances 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 tax obligations that are different or more burdensome than the taxation or tax obligations to which nationals of the State concerned in the same circumstances, in particular with respect to residence, are or may be subjected.

3- The permanent establishment owned by an enterprise of a Contracting State and situated in the other Contracting State shall not be subject to taxes imposed in that other Contracting State that are more burdensome than the taxes imposed on similar enterprise of that other Contracting State carrying out the same activities.

4- Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is 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.

5- Nothing contained in this Article shall be construed as obliging either Contracting State to grant to individuals resident in the other Contracting State any personal allowances, reductions or deductions for taxation purposes which it grants to individuals resident in that other State by reason of their civil status or family responsibilities.

**Article (25)**

**Mutual Agreement Procedure**

1- If a person considers that the actions of one or both of the Contracting States result or will result in the imposition of a tax that is incompatible with the provisions of this Convention, he may, irrespective of the manner in which his case is dealt with under the domestic laws of both Contracting States, present his case to the competent authority of the Contracting State in which he is resident, or before the competent authority of the Contracting State of which he is a national, if his case comes under paragraph (1) of Article (24 ), and the case shall be brought within three years from the date of the first notification of the proceedings that resulted in the imposition of a tax that is incompatible with the provisions of this Convention.

2- The competent authority shall, if the objection appears to it to be well-founded and if it is not itself able to arrive at a satisfactory solution, seek to resolve the matter by mutual agreement with the competent authority of the other Contracting State, with a view to avoiding the imposition of a tax incompatible with that Convention. Any solution reached shall be implemented without regard to the time limits provided by the domestic laws of the two Contracting States.

3- The competent authorities of the two Contracting States shall endeavour by mutual agreement to overcome any difficulties or ambiguities which may arise in the interpretation or application of this Convention. They may also consult together for the elimination of double taxation in cases not mentioned in this Convention.

4- The competent authorities of the two Contracting States may contact each other directly with a view to reaching agreement on the content of the preceding paragraphs of this Article. Where it would be advantageous, in order to reach agreement, to exchange views orally, such exchange may take place through a committee composed of the competent authorities of the two Contracting States or their representatives.

5- a) The competent authorities of both Contracting States shall have the right to determine by mutual agreement the manner in which this Convention shall be implemented.

b) More specifically, in order to obtain in a Contracting State the benefits provided for in Articles (10), (11) and (12), residents of the other Contracting State - unless otherwise agreed by the competent authorities - shall be required to submit an official residence certificate to the competent authorities.

**Article (26)**

**Exchange of Information**

1- The competent authorities of the Contracting States shall exchange necessary information, whether to implement this Convention or to enforce tax laws referred to in Article Two of this Convention, as well as the information required to combat tax evasion. Any information obtained by the competent authority of a Contracting State in the application of the provisions of this Article shall be confidential and shall only be disclosed to individuals and authorities involved in the assessment and collection of taxes referred to in this Convention or in resolving related disputes.

2- Nothing in this Article shall be construed as violating the laws or administrative systems of any Contracting State or as exposing the secrets of any commerce, industry, business, profession, business method, or any information, the disclosure of which is considered to be a violation of public policy.

The provisions of this Article shall apply only if a tax law is promulgated in the State of Bahrain. **Article (27)**

**Miscellaneous Provisions**

The provisions of this Convention shall not be construed to restrict in any manner any exclusion, exemption, reduction, remission or other allowance now or hereafter accorded:

a- Under the laws of a Contracting State relating to the determination of the tax imposed by that Contracting State.

b- Under any other special tax treaty relating to economic or technical cooperation between the two Contracting States.

**Article (28)**

**Diplomatic Agents And Consular Officers**

Nothing in this Convention shall affect the fiscal privileges accorded to members of diplomatic missions, consular corps or employees of international organisations under the general rules of international law or the provisions of special Conventions.

**Article (29)**

**Entry Into Force**

Each Contracting State shall notify the other Contracting State of the completion of the constitutional procedures necessary for the entry into force of this Convention. The Convention shall enter into force thirty days after the date of receipt of the last two notifications and its provisions shall apply in both Contracting States:

a- As regards taxes withheld on the amount, on sums paid or credited to the account as from the first day of January of the year following the date of entry into force of this Convention.

b- With respect to other taxes for tax periods beginning on or after the first day of January of the year following the date of entry into force of this Convention.

**Article (30)**

**Duration and Expiry**

This Convention shall remain in force for a period of five years and thereafter shall remain in force for one or more similar periods unless either Contracting State notifies the other Contracting State in writing six months before the end of the initial or any subsequent period of its intention to terminate this Convention. In such case, the Convention shall apply to both Contracting States:

a- As regards taxes, they will be withheld at source from sums paid or credited to the account as from the first day of January of the year following that in which the denunciation was presented.

b- With respect to other taxes, for tax periods beginning on or after the first day of January of the year following the year in which the notice of termination was served.

In witness whereof, the undersigned, being duly authorised, have signed this Convention.

This Convention was drawn up in Manama on 22 Jumada Al-Akhir 1421 A.H., corresponding to Wednesday 20 September 2000.

**For the government of**

**Syrian Arab Republic**

**Dr. Mohammed Khaled Al Mahaini**

**Minister of Finance**

**For the government of**

**State of Bahrain**

**H.E. Abdulla Hassan Saif**

**Minister of Finance and National Economy**