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**Law No. (45) of 2011 ratifying Convention Between The Government of The Kingdom Of Bahrain and The Government of Malta For The Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income**

We, Hamad bin Isa Al Khalifa King of the Kingdom of Bahrain،

Having reviewed the Constitution; and the Convention between The Government of The Kingdom Of Bahrain and The Government of Malta For The Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed in Manama on 12 April 2010; The Shura Council and the Council of Representatives have approved the following law, which we have ratified and enacted:

**Article one**

The Convention Between The Government of The Kingdom Of Bahrain and The Government of Malta for The Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed in Manama on 12 April 2010, attached to this law, has been ratified.

**Article two**

The Prime Minister and Ministers– each within his jurisdiction– shall implement the provisions of this law and it shall come into force on the day following its publication in the Official Gazette.

**King of the Kingdom of Bahrain Hamad bin Isa Al Khalifa**

Issued at Riffa Palace: On: 27 Muharram 1433 A.H corresponding to: 22 December 2011

**The Convention Between The Government of The Kingdom of Bahrain and The Government of Malta for The Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income**

The Government of the Kingdom of Bahrain and the Government of Malta, desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, have agreed as follows:

**Article (1) Persons covered by the Convention**

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

**Article (2) Taxes covered by the Convention**

1- This Convention shall apply to taxes on income imposed on behalf of a Contracting State or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.

2- There shall be regarded as taxes on income all taxes imposed on total income, or on elements of income, including taxes on gains from the alienation of movable or immovable property and taxes on the total amounts of wages or salaries paid by enterprises.

3- The existing taxes to which this Convention shall apply are in particular: a) in the case of the Kingdom of Bahrain: income tax payable under Legislative Decree No. (22)/1979 (hereinafter referred to as “Bahrain tax”). b) For Malta: (1) the income tax, (hereinafter referred to as “Malta tax”)

4- The Convention shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the 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, which have been made in their respective taxation laws.

**ARTICLE (3) General definitions**

A. For the purposes of this Convention, unless the context otherwise requires: a) the term "Bahrain” means the territory of the Kingdom of Bahrain as well as the maritime areas, seabed and subsoil over which Bahrain exercises, in accordance with international law, sovereign rights and jurisdiction.

B. the term “Malta” means the Republic of Malta and, when used in a geographical sense, means the Island of Malta, the Island of (Gozo) and the other islands of the Maltese archipelago including the territorial waters thereof, as well as any area of the sea-bed. its sub-soil and the superjacent water column adjacent to the territorial waters, wherein Malta exercises sovereign rights, jurisdiction, or control in accordance with international law and its national law, including its legislation relating to the exploration of the continental shelf and exploitation of its natural resources.

C. the terms “a Contracting State” and “the other Contracting State” mean Bahrain or Malta, as the context requires.

D. the term “person” includes an individual, a company, and any other body of persons,

E. the term “company” means any body corporate or any entity that is treated as a body corporate for tax purposes or any other entity constituted or recognised under the laws of one or other of the Contracting States as a body corporate.

F. 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,

G. the term “international traffic” means any transport by a ship or aircraft operated by an enterprise of a contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State,

H. the term “business” includes the performance of professional services and of other activities of an independent character,

I. the term “competent authority” means:

(1) in the case of Bahrain, the Minister of Finance or his authorised representative،

(2) in the case of Malta, the Minister responsible for finance or his authorised representative.

J. the term "national" means:

(1) any individual possessing the nationality of that Contracting State.

(2) any legal person, partnership or association deriving its status as such from the laws in force in that Contracting State.

1- As regards the application of the 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) in the case of Bahrain،

1) an individual who is a national of Bahrain and who is present in Bahrain for a period or periods totalling in the aggregate at least 183 days in the fiscal year concerned .

2) any other person which, under the laws of Bahrain, is liable to tax therein by reason of domicile, residence, place of incorporation, place of management or any other criterion of a similar nature.

residence, place of incorporation, place of management or any other criterion of a similar nature.

and also includes that State, and any political subdivision or local authority thereof.

This term, however, does not include any person who is liable to tax in that State in respect only of income from sources in that State.

2- Where by reason of the provisions of paragraph (1) an individual is a resident of both Contracting States, then his status shall be determined as follows:

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

b) If the State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident only of the State in which he has an habitual abode,

c) if he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident only of the State of which he is a national,

d) If he is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

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

**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 other place of extraction of natural resources. g) a refinery. h) a sales outlet; and, i) a warehouse in relation to a person providing storage facilities for others.

3- A building site or construction or installation project constitutes a permanent establishment only if it lasts more than twelve months.

4- An enterprise shall be deemed to have a permanent establishment in a Contracting State and to carry on business through that permanent establishment if in that State it carries on any activity which is directly connected with the exploration for or production of crude oil or other natural hydrocarbons from the ground in that State either for its own account or in refining crude oil owned by it or by others, wheresoever produced, in its facilities in that State.

5- Notwithstanding the preceding provisions of this Article, the term “permanent establishment" shall be deemed not to include:

a) The use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise.

b) The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery,

c) The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise,

d) The maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or of collecting information, for the enterprise,

f) The maintenance of a fixed place of business solely for any combination of activities mentioned in sub-paragraphs (a) to (e) of this paragraph, provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

6- Notwithstanding the provisions of paragraphs (1) and (2) of this Article, where a person - other than an agent of an independent status to whom paragraph (6) of this Article applies - is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts on behalf of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph (5) of this Article which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

7- An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that 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.

8- The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

**Article (6) Income from immovable property**

1- Income derived by a resident of a Contracting State from immovable property (including income from agriculture) situated in the other Contracting State may be taxed in that other State.

2- The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessories to immovable property, livestock and equipment used in agriculture, rights to which the provisions of general law respecting land 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.

**Article (7) Business gains**

1- The gains of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the gains of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.

2- Subject to the provisions of paragraph (3) of this Article, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the gains which it might be expected to make if it were a distinct and separate 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.

3- In determining the gains of a permanent establishment, there shall be allowed as deduction expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the Contracting State in which the permanent establishment is situated or elsewhere which are allowed under the provisions relating to indirect expenses in the domestic law of the Contracting State in which the permanent establishment is situated.

4- Insofar as it has been customary in a Contracting State to determine the gains to be attributed to a permanent establishment on the basis of an apportionment of the total gains of the enterprise to its various parts, nothing in paragraph (2) of this Article shall preclude that Contracting State from determining the gains to be taxed by such an apportionment as may be customary. The method of apportionment shall, however, be such that the result shall be in accordance with the principles contained in this Article.

5- No gains shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

6- For the purpose of the preceding paragraphs of this Article, the gains to be attributed to the permanent establishment shall be determined by the same method year by year unless there is a good and sufficient reason to the contrary.

7- Where gains include items of income or capital gains 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- Gains of an enterprise of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that State.

2- For the purposes of this Article, gains derived from the operation of ships or aircraft in international traffic include gains derived from the rental of ships or aircraft if such ships or aircraft are operated in international traffic or if such rental gains are incidental to other gains described in paragraph (1) of this Article.

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

**Associated Enterprises**

**1- Where:**

a) An enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State; or

b) The same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State; and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, any gains which either enterprise could have made had they not been for these conditions, but which it did not realize because of the existence of these conditions, they may be included by a Contracting State in the gains of this enterprise and taxed accordingly.

2- Where a Contracting State includes in the gains of an enterprise of that State - and taxes accordingly - gains on which an enterprise of the other Contracting State has been charged to tax in that other State and the gains so included are gains which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those gains. In determining such adjustment, due regard shall be had to the other provisions of this Convention and the competent authorities of the Contracting States shall if necessary consult each other.

**Article (10) Dividends**

1- Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State shall be taxable only in that other State provided that such resident is the beneficial owner of the dividends. This paragraph shall not affect the taxation of the company in respect of the gains out of which the dividends are paid.

2- The term "dividends'\* as used in this Article means income from shares, or other rights, not being debt-claims, participating in gains, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident and also includes any other item which, under the laws of the State of which the company paying the dividend is a resident, is treated as a dividend or distribution of a company.

3- The provisions of paragraphs (1) and (2) of this Article shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment. In such case the provisions of Article (7) of this Convention shall apply.

4- Where a company which is a resident of a Contracting State derives gains or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment situated in that other State, nor subject the company's undistributed gains to a tax on undistributed gains, even if the dividends paid or the undistributed gains consist wholly or partly of gains or income arising in that 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 State.

2- The terms "income from debt-claims” or “income" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not earning a right to participate in the debtor's gains, and in particular, income from government securities and income from bonds .The term does not include late payment penalties or any income treated as dividends under the provisions of clause (3) of Article (10) of this Convention

3- The provisions of paragraph (1) and (2) of this Article shall not apply if the beneficial owner of the income, being a resident of a Contracting State, carries on business in the other Contracting State in which the income arises, through a permanent establishment situated therein and the debt-claim in respect of which the income is paid is effectively connected with such permanent establishment. In such case the provisions of Article (7) of this Convention shall apply.

4- Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the income, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

**Article (12) Royalties**

1- Royalties arising in a Contracting State and beneficially owned by a resident of the other Contracting State shall be taxable only in that other State.

2- The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work (including cinematography films, and films or tapes for radio or television broadcasting), any patent, trade mark, design or model, plan, secret formula or process, or for information (know-how) concerning industrial, commercial or scientific experience.

3- The provisions of paragraph (1) of this Article shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment. In such case the provisions of Article (7) of this Convention shall apply.

4- Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties paid exceeds, for whatever reason, the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention .

**Article (13) Capital gains**

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

2- Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise), may be taxed in that other State.

3- Gains derived by a resident of a Contracting State from the alienation of ships or aircraft operated in international traffic by an enterprise of that Contracting State or movable property pertaining to the operation of such ships or aircraft, shall be taxable only in that State.

4- Gains derived by a resident of a Contracting State from the alienation of shares deriving more than 50% of their value directly or indirectly from immovable property situated in the other Contracting State may be taxed in that other State.

5- Gains from the alienation of any property other than that referred to in paragraphs (1), (2), (3) and (4) of this Article shall be taxable only in the Contracting State of which the alienator is a resident.

**Article (14) Income from employment**

1- Subject to the provisions of Articles (15), (17) and (18) of this Convention , salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remunerations as are derived therefrom may be taxed in that other State.

2- Notwithstanding the provisions of paragraph (1) of this Article, remunerations derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:

a) The recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in any twelve month period commencing or ending in the taxable year concerned; and./

b) The remunerations are paid by, or on behalf of, an employer who is not a resident of the other State; and.

c) The remunerations are not borne by a permanent establishment which the employer has in the other State.

3- Notwithstanding the preceding provisions of this Article, remunerations derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Contracting State may be taxed in that State.

**Directors' fees**

Directors' fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other State.

**Article (16) Artists and sportspersons**

1- Notwithstanding the provisions of Articles (7) and (14) of this Convention , income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artist, or a musician, or as a sportsperson, from personal activities as such exercised in the other Contracting State, may be taxed in that other State.

2- Where income in respect of personal activities exercised by entertainers or sportspersons in their capacity as such accrues not to the entertainer or sportsperson but to another person, that income may, notwithstanding the provisions of Articles (7) and (14) of this Convention, be taxed in the Contracting State in which the activities of the entertainer or sportsperson are exercised.

**Article (17) Pensions**

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

**Article (18) Government services**

1- a) Salaries, wages and other similar remunerations, paid by a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.

b) However, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State who:

(1) is a national of that State; or (2) has not become a resident of that State solely for the purpose of rendering the services.

2- a) Notwithstanding the provisions of paragraph (1), pensions and other similar remunerations paid by, or out of funds created by, a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.

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

3- The provisions of Articles (14), (15), (16) and (17) of this Convention shall apply to salaries, wages, pensions and other similar remunerations in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or a local authority thereof.

**Article (19) Students**

Payments which a student or professional apprentice who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that first-mentioned State, provided that such payments arise from sources outside that State.

**Article (20) Other income**

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

2- The provisions of paragraph (1) of this Article shall not apply to income, other than income from immovable property as defined in paragraph (2) of Article (6) of this Convention , if the beneficial owner of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment. In such case the provisions of Article (7) of this Convention shall apply.

**Article (21) Avoidance of double taxation**

1- In the case of Bahrain, double taxation shall be avoided as follows: Subject to the provisions of the laws of Bahrain regarding the allowance of a credit against Bahrain tax in respect of foreign tax, where, in accordance with the provisions of this Convention, there is included in a Bahrain assessment income from sources within Malta, the Malta tax on such income shall be allowed as a credit against the relative Bahrain tax payable thereon.

2- In the case of Malta, double taxation shall be avoided as follows: Subject to the provisions of the law of Malta regarding the allowance of a credit against Malta tax in respect of foreign tax, where, in accordance with the provisions of this Convention, there is included in a Malta assessment income from sources within Bahrain, the Bahrain tax on such income shall be allowed as a credit against the relative Malta tax payable thereon.

**ARTICLE (22) 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, in particular with respect to residence, are or may be subjected. This provision shall, notwithstanding the provisions of Article (1), also apply to persons who are not residents of one or both of the Contracting States.

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

3- Except where the provisions of paragraph (1) of Article (9), paragraph (4) of Article (11), or paragraph (4) of Article (12) apply, income from debt-claims, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable gains of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State.

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

**Article (23) 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 or. if his case comes under paragraph (1) of Article (22) of this Convention, to that of the Contracting State of which he is a national. The case shall be presented within three (3) years from the first notification of the action resulting in taxation not in accordance with the provisions of the Convention.

2- The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by- mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation, which is not in accordance with the provisions of this Convention.

3- The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of 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 communicate with each other directly for the purpose of reaching a Convention in the sense of the preceding paragraphs.

**Article (24) Exchange of information**

1- The competent authorities of the Contracting States shall exchange such information as may be relevant for carrying out the provisions of this Convention or to the administration or enforcement of the domestic laws of the Contracting States concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Convention , in particular, to prevent fraud and to facilitate the administration of laws against tax avoidance. The exchange of information is not restricted by Articles (1) and (2)of this Convention .

2- Any information received under paragraph (1) of this Article by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or filing lawsuits in respect of, or the determination of appeals in relation to, the taxes referred to in paragraph (1) of this Article, and persons responsible for the oversight of the afore-mentioned persons, authorities or activities. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

3- In no case shall the provisions of paragraphs (1) and (2) of this Article be construed so as to impose on a Contracting State the obligation:

a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State,

b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State,

c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy.

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

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

**Article (25) Members of diplomatic or permanent missions and consular missions**

Nothing in this Convention shall affect the fiscal privileges of members of diplomatic or permanent missions or consular missions under the general rules of international law or under the provisions of special Convention s.

**Article (26) Entry into force of the Convention**

1- The Contracting States shall notify each other, through diplomatic channels, that the legal requirements for the entry into force of this Convention have been complied with.

2- This Convention shall enter into force thirty (30) days after the date of the later of the notifications referred to in paragraph (1) and its provisions shall have effect: a) in Bahrain: in respect of taxes on income derived during any calendar year or accounting period, as the case may be, beginning on or after the first day of January immediately following the year in which the Convention enters into force. b) For Malta: in respect of taxes on income derived during any calendar year or accounting period, as the case may be, beginning on or after the first day of January immediately following the year in which the Convention enters into force.

**Article (27) Termination of the Convention**

1- This Convention shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Convention , through diplomatic channels, by giving written notice of termination at least six months before the end of any calendar year following the expiration of a period of five years from the date of its entry into force: A) in Bahrain: in respect of taxes on income, in respect of amounts paid or credited in the account, on or after the first day of January following the year in which the notice is given. B) in Malta: in respect of taxes on income derived, in respect of amounts paid or credited in the account, on or after the first day of January following the year in which the notice is given.

In witness whereof the undersigned, duly authorised thereto by their respective governments, have signed this Convention.

Done at Manama this 12th day of April 2010 in duplicate in the Arabic and English languages, both texts being equally authentic, but in the case of divergence of interpretation the English text shall prevail.

For the Government of Malta

For the Government of the Kingdom of Bahrain