

5, 6, 7
2

ශ්‍රී ලංකා ප්‍රජාතාන්ත්‍රික සමාජවාදී ජනරජයේ ගැසට් පත්‍රය

අති විශේෂ

The Gazette of the Democratic Socialist Republic of Sri Lanka

EXTRAORDINARY

අංක 210/17—1982 සැප්තැම්බර් 17 වැනි සිකුරාදා—1982.09.17

No. 210/17 — FRIDAY, SEPTEMBER 17, 1982

(Published by Authority)

PART I: SECTION (I) — GENERAL

Government Notifications

THE INLAND REVENUE ACT, No. 28 OF 1979

Notice

IT is hereby notified under Section 82(1) (b) of the Inland Revenue Act, No. 28 of 1979, that the Convention for affording relief from double taxation and for the prevention of fiscal evasion with respect to taxes on income, entered into between the Government of the French Republic and the Government of the Democratic Socialist Republic of Sri Lanka on 17th September, 1981, and set out in the Schedule hereto has been approved by Parliament by resolution passed on 09.09.1982.

C. CHANMUGAM,
Acting Secretary,
Ministry of Finance and Planning.

16th September, 1982.

Schedule

CONVENTION BETWEEN THE GOVERNMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA AND THE GOVERNMENT OF THE FRENCH REPUBLIC FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The Government of the Democratic Socialist Republic of Sri Lanka and the Government of the French Republic,

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

PERSONAL SCOPE

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

ARTICLE 2

TAXES COVERED

1. This Convention shall apply to taxes on income imposed on behalf of a State or of its 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 the total amounts of wages or salaries paid by enterprises.

3. The existing taxes to which the Convention shall apply are:

(a) in the case of France:

(i) the income tax;

(ii) the corporation tax;

including any withholding tax, prepayment (precompte) or advance payment with respect to the aforesaid taxes; (hereinafter referred to as "French tax");

(b) in the case of Sri Lanka;

The income tax;

(hereinafter referred to as "Sri Lanka tax").

4. The Convention shall apply also to any identical or substantially similar taxes which 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 States shall notify each other of substantial changes which have been made in their respective taxation laws.

5. If, by reason of changes made in the taxation law of either State, it seems desirable to amend any Article of the Convention without affecting the general principles thereof, the necessary amendments may be made by mutual consent by means of an exchange of diplomatic notes or in any other manner in accordance with their constitutional procedures.

27/22/29

ARTICLE 3

GENERAL DEFINITIONS

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

- (a) the term "France" means European and Overseas departments (Guadeloupe, Guiana, Martinique and Reunion Saint Pierre et Miquelon) of the French Republic ; the term "Sri Lanka" means the Democratic Socialist Republic of Sri Lanka ;
- (b) the terms "a State" and "the other State" mean France or Sri Lanka, as the case may be ;
- (c) the term "person" includes an individual, a company and any other body of persons ;
- (d) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes ;
- (e) the terms "enterprise of a State" and "enterprise of the other State" mean respectively an enterprise carried on by a resident of a State and an enterprise carried on by a resident of the other State ;
- (f) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise which has its place of effective management in a State, except when the ship or aircraft is operated solely between places in the other State ;
- (g) the term "competent authority" means :
 - (i) in the case of France, the Minister of Budget or his authorized representative ;
 - (ii) in the case of Sri Lanka, the Commissioner General of Inland Revenue.

2. As regards the application of the Convention by a State any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the law of that State concerning the taxes to which the Convention applies.

ARTICLE 4

RESIDENT

1. For the purposes of this Convention, the term "resident of a State" means any person who, under the law of that State, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature. But this term 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 States, then his status shall be determined as follows :

- (a) he shall be deemed to be a resident of the 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 of the State with which his personal and economic relations are closer (centre of vital interest) ;
- (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 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 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 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 States, then it shall be deemed to be a resident of the State in which its place of effective management is situated.

4. The terms "resident of a State" and "resident of the other State" mean a resident of France or a resident of Sri Lanka, as the context requires.

ARTICLE 5

PERMANENT ESTABLISHMENT

1. For the purposes of this Convention, the term "permanent establishment" in relation to an enterprise mean a fixed place of business through which the business of the 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 warehouse ;
- (g) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources, and
- (h) an agricultural or farming estate or plantation.

3. A building site or construction or assembly project or supervisory activities in connection therewith constitutes a permanent establishment where such site, project or activity continues for a period of more than six months.

4. 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 or the maintenance of a stock of goods or merchandise, whether in a warehouse or not solely for the purpose of delivery of the 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 ;
- (c) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise ;
- (d) the maintenance of a fixed place of business solely for the purpose of advertising, including display, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character, for the enterprise.

5. A person acting in a State on behalf of an enterprise of the other State shall be deemed to be a permanent establishment in the first mentioned State if :

- (a) he has and habitually exercises in that State an authority to conclude contracts on behalf of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise ;
- (b) he has no such authority, but habitually maintains in the first mentioned State a stock of goods or merchandise from which he regularly delivers goods or merchandise on behalf of the enterprise ; or

(c) he habitually secures orders in the first mentioned State wholly or partly for the enterprise itself or for the enterprise and other enterprises which are controlled by it or have a controlling interest in it.

6. An insurance enterprise of a State shall be deemed to have a permanent establishment in the other State if it collects premiums in that State or insures risks situated therein through a representative who is not an agent within the meaning of paragraph 7.

7. An enterprise of a State shall not be deemed to have a permanent establishment in the other State merely because it carries on business in that State through a bona fide 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 State controls or is controlled by a company which is a resident of the other 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 State from immovable property situated in the other State shall be taxable only in that other State.

2. The term "immovable property" shall have the meaning which it has under the law of the State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 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 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

ARTICLE 7

BUSINESS PROFITS

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

2. Where an enterprise of a State carries on business in the other State through a permanent establishment situated therein, there shall in each State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

However, nothing in this paragraph shall affect the computation of the profits derived by a French enterprise from the production of tea or other agricultural product in Sri Lanka in accordance with the provisions of the law of Sri Lanka at the date of signature of this Convention.

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

4. Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

ARTICLE 8

SHIPPING AND AIR TRANSPORT

1. Where an enterprise of a State derives profits through shipping operations carried on in the other State, such profits may be subject to tax in that other State but the tax so chargeable shall be reduced by 50 per cent.

2. Profits from the operation of aircraft in international traffic shall be taxable only in the State in which the place of effective management of the enterprise is situated.

3. The provisions of paragraphs 1 and 2 shall also apply to profits from the participation in a pool, a joint business or an international operating agency, but only to so much of the profits so derived as is attributable to the participant in proportion to its share in the joint operation.

ARTICLE 9

ASSOCIATED ENTERPRISES

Where

- an enterprise of a State participates directly or indirectly in the management, control or capital of an enterprise of the other State; or
- the same persons participate directly or indirectly in the management, control or capital of an enterprise of the other 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, then any profits which would, but for those conditions, have accrued to one of the enterprise, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

ARTICLE 10

DIVIDENDS

1. Dividends paid by a company which is a resident of a State to a resident of the other State may be taxed in that other State.

2. However, such dividends may also be taxed in the State of which the company paying the dividends is a resident and according to the laws of that State.

3. Dividends paid by a company which is a resident of Sri Lanka to a company which is a resident of France shall be exempt of all Sri Lanka tax other than :

- the Sri Lanka income tax deducted at source on the dividends paid by such company; and
- the additional tax referred to in section 37 of the Sri Lanka Inland Revenue Act on companies whose shares are not movable property situated in Sri Lanka for the purposes of the law of Sri Lanka relating to Estate Duty; but the rate of this last mentioned additional tax shall not exceed 5 per cent.

4. Where any new contribution is made to the capital of a company which is a resident of Sri Lanka by a company which is a resident of France on or after the date of entry into force of this Convention, the Sri Lanka income tax deducted at source on the dividends paid by the company which is a resident of Sri Lanka relating to such contribution shall not exceed 15 per cent.

5. The provisions of this Article shall not apply where a resident of one of the States has a permanent establishment in the other State and the dividends are attributable to that permanent establishment; in such case the provisions of Article 7 of this Convention shall apply.

ARTICLE 11

INTEREST

1. Interest received by any banking institution which is a resident of a State shall be exempt from tax in the other State.

2. Interest receivable on bonds, debentures, deposits or loans may be taxed in the State of which the debtor is a resident. However, when the indebtedness on which such interest is paid was incurred on or after the date of entry into force of this Convention, the tax so charged shall not exceed 10 per cent of the amount of such interest.

3. Interest paid by a resident of a State to a resident of the other State in connection with the sale on credit of any industrial, commercial or scientific equipment or with the survey, the installation or the supply of industrial, commercial or scientific facilities or of public works, shall be exempt from tax in the State of which the payer is a resident when such sale, facilities or public works are approved by the Government of that State.

4. Interest accruing to any credit agency which is a resident of France from any loan granted by that agency in money, goods, or services or in any other form, to the Government of Sri Lanka, or to a credit agency in Sri Lanka with the approval of the Government of Sri Lanka, shall be exempt from Sri Lanka tax.

5. Interest accruing to the Government of a State, either directly or through any agency of that Government, shall be exempt from tax in the other State.

6. The provisions of this Article shall not apply where a resident of one of the States has a permanent establishment in the other State, and such items of income as are dealt with in this Article are attributable to that permanent establishment; in such case the provisions of Article 7 of this Convention shall apply.

ARTICLE 12

ROYALTIES

1. Any royalty or other amount which is payable as consideration for the use of, or for the right to use, any copyright or cinematograph films and which is derived from sources within one of the States by a resident of the other State shall be exempt from tax in that first-mentioned State.

2. Any royalty or other amount which is payable as consideration for the use of, or for the right to use, any patent, design or model, plan, secret process or formula, trade mark and other like property and rights and which is derived from sources within one of the States by a resident of the other State may be taxed in that other State.

However such royalty may also be taxed in the first-mentioned State, but the tax so charged :

(a) shall not exceed 10 per cent in the case when such royalty become payable for the first time on or after the date of entry into force of this Convention ;

(b) shall be reduced by an amount equal to 50 per cent thereof in all other cases.

All rents and similar payments received as consideration for the use of, or for the right to use, industrial, commercial or scientific equipment, shall be treated as royalties

3. The provisions of this Article shall not apply where a resident of a State has a permanent establishment in the other State, and such items of income as are dealt with in this Article are attributable to that permanent establishment; in such case the provisions of Article 7 of this Convention shall apply.

ARTICLE 13

PERSONAL SERVICES

1. Income derived by a resident of a State in respect of professional services or other activities of an independent character shall be taxable only in that State unless the activities are performed in the other State. If the activities are so exercised, such income as is derived therefrom may be taxed in that other State.

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

2. Subject to the provisions of Articles 14, 15 and 16, salaries, wages and other similar remuneration derived by a resident of a State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

3. An individual who is a resident of Sri Lanka shall be exempt from French tax on income or remuneration referred to in paragraphs 1 and 2, from services performed within France in any year of assessment, if—

(a) he is present within France for a period or periods not exceeding in the aggregate 183 days during that year, and

(b) the services are performed for or on behalf of a resident of Sri Lanka, and

(c) the income or remuneration is subject to Sri Lanka tax.

4. An individual who is a resident of France shall be exempt from Sri Lanka tax on income or remuneration referred to in paragraphs 1 and 2, from services performed within Sri Lanka in any year of assessment, if—

(a) he is present within Sri Lanka for a period or periods not exceeding in the aggregate 183 days during that year, and

(b) the services are performed for or on behalf of a resident of France, and

(c) the income or remuneration is subject to French tax.

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

ARTICLE 14

DIRECTORS' FEES

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

ARTICLE 15

ARTISTS AND ATHLETES

1. Notwithstanding the provisions of Article 13, income derived by a resident of a State as an entertainer, such as a theatre, motion picture, radio or television artist or a musician, or as an athlete, from his personal activities as such exercised in the other State may be taxed in that other State.

2. Where income in respect of personal activities exercised by an entertainer or an athlete in his capacity as such accrues not to the entertainer or athlete himself but to another person that income may, notwithstanding the provisions of Articles 7 and 13 be taxed in the State in which the activities of the entertainer or athlete are exercised.

ARTICLE 16

PENSIONS

1. Subject to the provisions of paragraph 1 of Article 17 pensions or annuities and other similar remuneration paid to a resident of a State in consideration of past employment shall be taxable only in that State.

2. The term "annuity" means a stated sum payable periodically at stated times during life or during a specified or ascertainable period of time under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

3. Notwithstanding the provisions of paragraph 1, pensions and other payments made under the social security legislation of a State shall be taxable only in that State.

ARTICLE 17

GOVERNMENT SERVICE

1 (a) Remuneration, other than a pension, paid by a State 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.

2. (b) However such remuneration shall be taxable only in the other State if the services are rendered in that State and if the individual did not become a resident of that State solely for the purpose of rendering those services.

2. Any pension paid by, or out of fund created by, a State or a local authority thereof to an individual in respect of services rendered to that State or authority shall be taxable only in that State.

However such pension shall be taxable only in the other State if the individual is a resident of that State.

3. The provisions of Articles 13 section 2, 14 and 16 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by a State or a local authority thereof.

ARTICLE 18

STUDENTS

1. Payments which a student, a business apprentice or the recipient of a grant, allowance or award who is or was immediately before visiting a State a resident

of the other State and who is present in the first-mentioned State solely for the purpose of his education, training, study or research, receives for the purpose of his maintenance, education or training shall not be taxed in that State, provided that such payments arise from sources outside that State.

2. Notwithstanding the provisions of Article 13 remuneration which a student, a business apprentice or the recipient of a grant, allowance or award who is, or was immediately before visiting a State, a resident of the other State and who is present in the first-mentioned State solely for the purpose of his education, training, study or research derives in respect of services rendered in the first-mentioned State shall not be taxed in the first-mentioned State, provided that such services are in connection with his education, training or research or that the remuneration of such services is necessary to supplement the resources available to him for the purpose of his maintenance.

ARTICLE 19

TEACHERS AND RESEARCHERS

Remuneration which a teacher or a researcher who is or was immediately before visiting a State a resident of the other State, and who is present in the first-mentioned State solely for the purpose of teaching or engaging in research during a period not exceeding two years, derives in respect of such activities shall not be taxed in that State.

ARTICLE 20

OTHER INCOME

The laws in force in either of the States shall continue to govern the taxation of income except when express provisions to the contrary are made in this Convention.

ARTICLE 21

METHOD FOR ELIMINATION OF DOUBLE TAXATION

Double taxation shall be avoided in the following manner A—In the case of France

(a) income other than that referred to in sub-paragraph (b) below shall be exempt from the French taxes referred to in Article 2, paragraph 1—1, if the income is taxable in Sri Lanka under this Convention;

(b) income referred to in Articles 8, 10, 11, 12, 14 and 15 derived from Sri Lanka by a resident of France may be taxed in France. There shall be allowed a tax credit under the following conditions:

(i) in the case of dividends referred to in Article 10 paragraphs 3 and 4, the tax credit shall be equal to 25 per cent of the gross amount of the dividend;

(ii) in the case of interest referred to in Article 11 paragraph 2, the tax credit shall be equal to 20 per cent of the gross amount of the interest;

(iii) in the case of royalties referred to in Article 12 paragraph 2, the tax credit shall be equal to 20 per cent of the gross amount of the royalty;

(iv) in the case of income referred to in Articles 8, 14 and 15, the tax credit will be equal to the amount of the Sri Lanka tax actually paid.

Such tax credit shall be allowed against French taxes referred to in Article 2 paragraph 1 (a), in the bases of which such income is included but shall not exceed the amount of French tax levied on such income;

(c) notwithstanding the provisions of sub-paragraph (a) and (b), French tax is computed on income chargeable in France by virtue of this Convention at the rate appropriate to the total of the income chargeable in accordance with the French law.

B—in the case of Sri Lanka

(a) income other than that referred to in sub-paragraph (b) below shall be exempt from the Sri Lanka tax referred to in Article 2, paragraph 1 (b) if the income is taxable in France under this Convention;

(b) income referred to in Articles 8, 10, 11, 12, 14 and 15 derived from France by a resident of Sri Lanka may be taxed in Sri Lanka. There shall be allowed a tax credit under the following conditions:—

(i) in the case of dividends referred to in Article 10, the tax credit shall be equal to 25 per cent of the gross amount of the dividend;

(ii) in the case of interests referred to in Article 11 paragraph 2, the tax credit shall be equal to 15 per cent of the gross amount of the interest;

(iii) in the case of royalties referred to in Article 12 paragraph 2, the tax credit shall be equal to 20 per cent of the gross amount of the royalty;

(iv) in the case of income tax referred to in Article 8, 14 and 15, the tax credit will be equal to the amount of the French tax actually paid.

Such tax credit shall be allowed against Sri Lanka taxes referred to in Article 2 paragraph 1 (b), in the bases of which such income is included but shall not exceed the amount of Sri Lanka tax levied on such income;

(c) notwithstanding the provisions of sub-paragraph (a) and (b), Sri Lanka tax is computed on income chargeable in Sri Lanka by virtue of this Convention at the rate appropriate to the total of the income chargeable in accordance with the Sri Lanka law.

ARTICLE 22

NON-DISCRIMINATION

1. Nationals of a State shall not be subjected in the other State to any taxation or any requirement connected therewith, which is other, higher, 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. The term “nationals” means:

(a) all individuals possessing the nationality of a State;

(b) all legal persons, partnerships and associations deriving their status as such from the laws in force in a State.

3. The enterprises of a State shall not be subjected in the other State in respect of profits attributable to their permanent establishments in that other State, to any taxation which is other, higher or more burdensome than the taxation to which the enterprises of that other State are or may be subjected in respect of the like profits.

4. Nothing in this Article shall be construed as

(a) obliging a State to grant to persons which are not resident of that State, those personal allowances, reliefs and reductions for tax purposes which are, by law, available only to persons who are so resident;

(b) affecting the additional rate of tax referred to in section 37 of the Sri Lanka Inland Revenue Act.

5. Enterprises of a State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other State, shall not be subjected in the first-mentioned State, to any taxation or any requirements connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of that first-mentioned State are or may be subjected.

6. 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 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 State of which he is a resident. The case must be presented within three 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 State, with a view to the avoidance of taxation which is not in accordance with the Convention. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the States.

3. The Competent Authorities of the States shall endeavour to resolve by mutual agreement any difficulties arising as to the application of the Convention.

In particular, the Competent Authorities of the States may consult together to endeavour to agree:

(a) to the same attribution in both States of the profits attributable to a permanent establishment situated in a State of an enterprise of the other State;

(b) to the same allocation of income between a resident of a State and an associated person referred to in Article 9 who is a resident of the other State.

They may also consult together for the elimination of double taxation in cases not provided for in the Convention.

4. The Competent Authorities or the States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs. When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take place through a Commission consisting of representatives of the Competent Authorities of the States.

5. The Competent Authorities of the States may mutually agree as regards the forms or procedures that may be prescribed if necessary, for the application of the provisions of this Convention.

ARTICLE 24

EXCHANGE OF INFORMATION

1. The competent authorities of the States shall exchange such information which is at their disposal under their respective taxation laws in the normal course of administration as is necessary for carrying out the provisions of this Convention or of the domestic laws of the States concerning taxes covered by the Convention insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Article I. Any information received by a 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) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by the Convention. 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.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on a State the obligation :

- (a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other 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 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 (ordre public).

ARTICLE 25

DIPLOMATIC AGENTS AND CONSULAR OFFICERS

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

2. This Convention shall not apply to international organizations, to organs or officials thereof and to persons who are members of a diplomatic mission, consular post or permanent mission of a third State, being present in a State and not treated in either State as residents in respect of taxes on income or on capital.

ARTICLE 26

TERRITORIAL SCOPE

1. This Convention shall apply :

- (a) in the case of Sri Lanka, to the Democratic Socialist Republic of Sri Lanka and to any area outside the territorial sea of this State which is, in accordance with international law, an area within which Sri Lanka may exercise rights with respect to the waters, the sea bed and sub-soil and their natural resources ;
- (b) in the case of France, to the European and overseas departments of the French Republic, and to any area outside the territorial sea of those departments which is, in accordance with international law, an area within which France may exercise rights with respect to the waters, the sea bed and sub-soil and their natural resources.

A 5—A 65851

2. This Convention may be extended, either in its entirety or with any necessary modifications, to the overseas territories of the French Republic which imposes taxes substantially similar in character to those to which the Convention applies. Any such extension shall take effect from such date and subject to such modifications and conditions, including condition as to termination, as may be specified and agreed between the States in notes to be exchanged through diplomatic channels or in any other manner in accordance with their constitutional procedures.

ARTICLE 27

ENTRY INTO FORCE

Each State shall notify to the other the completion of the procedure required by its law for the bringing into force of this Convention. This Convention shall enter into force on the date of the later of these notifications and shall thereupon have effect for the assessment year beginning in the calendar year during which this Convention entered into force and for the subsequent assessment years.

ARTICLE 28

TERMINATION

1. This Convention shall remain in force indefinitely. However, on or before the thirtieth day of June in any calendar year after the year 1984, each State may, by giving at least six months written notice of termination through diplomatic channels denounce the Convention for the end of a calendar year.

2. In such an event, its provisions shall apply for the last time for the assessment year beginning in the calendar year next following that during which the termination has been notified and for the subsequent years.

In witness whereof, the undersigned, duly authorized thereto, have signed this Convention.

Done at Colombo, this 17th day of September 1981 in duplicate, in the Sinhala and the French languages, both texts being equally authoritative.

C. CHANMUGAM,
 For the Government of
 the Democratic Socialist
 Republic of Sri Lanka

JACQUES BOURGOIN,
 For the Government of
 the French Republic.

10-124

THE INLAND REVENUE ACT, No. 28 OF 1979

Notice

IT is hereby notified under Section 82 (1) (b) of the Inland Revenue Act, No. 28 of 1979 that the convention for affording relief from double taxation and for the prevention of fiscal evasion with respect to taxes on income and on capital, entered into between the Government of the Republic of India and the Government of the Democratic Socialist Republic of Sri Lanka on 27th January, 1982, and set out in the Schedule hereto has been approved by Parliament by resolution passed on 09.09.1982.

C. CHANMUGAM,
 Acting Secretary,
 Ministry of Finance and Planning.

16.09.1982.