

**EXCHANGE OF NOTES BETWEEN
SINGAPORE AND CHILE
WITH RESPECT TO TAXES ON INCOME ARISING FROM
THE INTERNATIONAL OPERATION OF SHIPS**

Date of Conclusion: 24 January 1991.

Entry into Force: 26 November 1993.

Effective Date: 26 November 1993.

MFA 65/91

The Ministry of Foreign Affairs of the Republic of Singapore presents its compliments to the Embassy of the Republic of Chile and has the honour to propose that the Government of the Republic of Singapore and the Government of the Republic of Chile conclude an agreement to exempt from income tax, on a reciprocal basis, income derived by shipping enterprises of the other country from the international operation of ships. The terms of the agreement are as follows:

The Government of the Republic of Singapore agrees to exempt from any tax, gross income and profits derived from the international operation of ships by Chilean shipping enterprises. This exemption is granted on the basis of equivalent exemptions granted by the Government of the Republic of Chile to Singapore shipping enterprises.

Gross income and profits mean all income derived from the international operation of ships and include:

- (i) income from the rental of ships used in international transport on a full (time or voyage) or bareboat basis;
- (ii) income from the rental of containers and related equipment used in international transport which is incidental to income from the international operation of ships; and
- (iii) income from the participation in shipping pools which engage in international operation of ships.

For the purposes of the exemptions provided for in this agreement, "Chilean shipping enterprise" means a shipping enterprise in Chile operated by the Government of Chile or by individuals who are residents of Chile for tax purposes, or a shipping corporation organised in Chile and having its headquarters in Chile.

For the purposes of the exemptions provided for in this agreement, "Singapore shipping enterprise" means a shipping enterprise in Singapore operated by the Government of Singapore or by persons who are residents of Singapore for tax purposes, or a shipping company controlled and managed in Singapore.

If any difficulty or doubt as to the interpretation of application of this agreement should arise, the competent authorities of the two countries shall seek to resolve such difficulty or doubt by mutual agreement. For this purpose, the competent authorities are:

- (a) In the Republic of Chile, the Minister for Finance or his authorised representative.
- (b) In the Republic of Singapore, the Minister for Finance or his authorised representative.

Either Government may terminate this agreement by giving written notice of termination through diplomatic channels at least six months before the end of any calendar year after the year 1994. In such event, this agreement shall cease to be effective in respect of income derived on or after the first day of the calendar year following that in which the notice of termination is given.

The Ministry of Foreign Affairs considers that this note, together with the Embassy's reply note confirming that the Government of the Republic of Chile agrees to these terms, constitute an agreement between the two Governments. This agreement shall enter into force on the last date when each Party has notified the other that the agreement has been approved in accordance with its own legal regulations. The agreement shall have effect with respect to income derived on or after the date on which the agreement enters into force.

The Ministry of Foreign Affairs of the Republic of Singapore avails itself of this opportunity to renew to the Embassy of the Republic of Chile the assurances of its highest consideration.

SINGAPORE
24th January 1991

Embassy of the Republic of Chile
Singapore

Note No. FA 06/91

The Embassy of the Republic of Chile presents its compliments to the Ministry of Foreign Affairs of the Republic of Singapore and has the honour to refer to the Ministry's Note No. MFA 65/91 of this date which reads as follows:

"The Ministry of Foreign Affairs of the Republic of Singapore presents its compliments to the Embassy of the Republic of Chile and has the honour to propose that the Government of the Republic of Singapore and the Government of the Republic of Chile conclude an agreement to exempt from income tax, on a reciprocal basis, income derived by shipping enterprises of the other country from the international operation of ships. The terms of the agreement are as follows:

The Government of the Republic of Singapore agrees to exempt from any tax, gross income and profits derived from the international operation of ships by Chilean shipping enterprises. This exemption is granted on the basis of equivalent exemptions granted by the Government of the Republic of Chile to Singapore shipping enterprises.

Gross income and profits mean all income derived from the international operation of ships and include:

- (i) income from the rental of ships used in international transport on a full (time or voyage) or bareboat basis;
- (ii) income from the rental of containers and related equipment used in international transport which is incidental to income from the international operation of ships; and
- (iii) income from the participation in shipping pools which engage in international operation of ships.

For the purposes of the exemptions provided for in this agreement, "Chilean shipping enterprise" means a shipping enterprise in Chile operated by the Government of Chile or by individuals who are residents of Chile for tax purposes, or a shipping corporation organised in Chile and having its headquarters in Chile.

For the purposes of the exemptions provided for in this agreement, "Singapore shipping enterprise" means a shipping enterprise in Singapore operated by the Government of Singapore or by persons who are residents of Singapore for tax purposes, or a shipping company controlled and managed in Singapore.

If any difficulty or doubt as to the interpretation of application of this agreement should arise, the competent authorities of the two countries shall seek to resolve such difficulty or doubt by mutual agreement. For this purpose, the competent authorities are:

- (a) In the Republic of Chile, the Minister for Finance or his authorised representative.
- (b) In the Republic of Singapore, the Minister for Finance or his authorised representative.

Either Government may terminate this agreement by giving written notice of termination through diplomatic channels at least six months before the end of any calendar year after the year 1994. In such event, this agreement shall cease to be effective in respect

of income derived on or after the first day of the calendar year following that in which the notice of termination is given.

The Ministry of Foreign Affairs considers that this note, together with the Embassy's reply note confirming that the Government of the Republic of Chile agrees to these terms, constitute an agreement between the two Governments. This agreement shall enter into force on the last date when each Party has notified the other that the agreement has been approved in accordance with its own legal regulations. The agreement shall have effect with respect to income derived on or after the date on which the agreement enters into force.

The Ministry of Foreign Affairs of the Republic of Singapore avails itself of this opportunity to renew to the Embassy of the Republic of Chile the assurances of its highest consideration.”

In this regard, the Embassy of the Republic of Chile has the honour to inform to the Ministry of Foreign Affairs of the Republic of Singapore that the Government of Chile agrees with the terms of the Ministry's note which, together with the present note, shall constitute an agreement between the two Governments.

The Embassy of the Republic of Chile avails itself of this opportunity to renew to the Ministry of Foreign Affairs of the Republic of Singapore the assurances of its highest consideration.

Singapore, 24th January 1991

To the
Ministry of Foreign Affairs,
Singapore