AGREEMENT BETWEEN
THE REPUBLIC OF SINGAPORE AND
THE UNITED MEXICAN STATES
FOR THE AVOIDANCE OF DOUBLE TAXATION AND
THE PREVENTION OF FISCAL EVASION
WITH RESPECT TO TAXES ON INCOME

Date of Conclusion: 9 November 1994

Entry into Force: 8 September 1995

Effective Date: 1 January 1996

NOTE

Singapore and Mexico both signed the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (commonly known as the "Multilateral Instrument" or in short, the "MLI") on 7 June 2017. Singapore and Mexico ratified the MLI on 21 December 2018 and 15 March 2023 respectively.

More information on the MLI is available at https://www.iras.gov.sg/irashome/Quick-Links/International-Tax/Multilateral-Instrument/

The Income Tax (Singapore – Mexico) (Avoidance of Double Taxation Agreement) (Modifications to Implement Multilateral Instrument) Order 2023, which has entered into force on 1 July 2023, implements the applicable provisions of the MLI to the articles of this Agreement. For informational purposes, details of the amendments to this Agreement are shown in Annex A.

NOTE

The protocol signed on 29 September 2009 entered into force on 1 January 2012 and its provisions shall take effect from 1 January 2013.

The text of the second protocol signed on 29 September 2009 is shown in Annex B.

The Government of the Republic of Singapore and the Government of the United Mexican States, desiring to conclude an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, which shall hereafter be referred to as the "Agreement", have agreed as follows:

ARTICLE 1 – PERSONAL SCOPE

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

ARTICLE 2 - TAXES COVERED

1. This Agreement 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.

3. The existing taxes to which the Agreement shall apply are in particular:

(a) in Mexico:

the income tax (el impuesto sobre la renta)

(hereinafter referred to as "Mexican tax");

(b) in Singapore:

the income tax

(hereinafter referred to as "Singapore tax").

4. The Agreement shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of the Agreement 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

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

(a) the term "Mexico" means the United Mexican States;

(b) the term "Singapore" means the Republic of Singapore;

(c) the terms "a Contracting State" and "the other Contracting State" mean Mexico or Singapore, as the context requires;

(d) the term "person" includes an individual, a company and any other body of persons which is treated as an entity for tax purposes;

(e) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;

(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 "statutory body" means an entity established under a law of a Contracting State to perform functions which would otherwise be carried out by the Government of that State and which is exempt from tax by the law of that State;

(i) the term "national" means:

(i) any individual possessing the nationality of a Contracting State;

(ii) any legal person, partnership or association deriving its status as such from the laws in force in a Contracting State;

(j) the term "competent authority" means:

(i) in Mexico, the Ministry of Finance and Public Credit;

(ii) in Singapore, the Minister for Finance or his authorised representative.

2. As regards the application of the Agreement by a Contracting 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 Agreement applies.

ARTICLE 4 – RESIDENT

1. For the purposes of this Agreement, the term "resident of a Contracting State" means any person who is a resident of a Contracting State in accordance with the taxation laws of that State. The term includes the Government of that State, a political subdivision, a local authority or a statutory body thereof.

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 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 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 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) in any other case, 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 of the State in which its place of effective management is situated.

ARTICLE 5 - PERMANENT ESTABLISHMENT

1. For the purposes of this Agreement, 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; and

(f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

3. The term "permanent establishment" shall also include a building site, a construction, assembly or installation project, or supervisory activities in connection therewith, but only if such building site, project or activities last 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, 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;

(e) the maintenance of a fixed place of business solely for the purpose of advertising, supplying information, scientific research or for similar activities which have a preparatory or auxiliary character, for the enterprise.

5. Notwithstanding the provisions of paragraphs 1 and 2, where a person other than an agent of an independent status to whom paragraph 7 applies - is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts in the name 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 4 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.

6. Notwithstanding the foregoing provisions of this Article, an insurance enterprise of a Contracting State shall, except in regard to reinsurance, be deemed to have a permanent establishment in the other Contracting State if it collects premiums in the territory of that other State or insures risks situated therein through a person other than an agent of an independent status to whom paragraph 7 applies.

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 and that in their commercial or financial relations with the enterprise, conditions are not made or imposed that differ from those generally agreed to by independent agents.

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 or forestry) 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 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, boats 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 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 profits 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, 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 profits 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 profits of a permanent establishment, there shall be allowed as deductions all expenses, including executive and general administrative expenses, which would be deductible if the permanent establishment were an independent enterprise, insofar as they are reasonably allocable to the permanent establishment, whether incurred in the Contracting State in which the permanent establishment is situated or elsewhere. However, no such deduction shall be allowed in respect of such amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, by way of commission, for specific services performed or for management, or, except in the case of a banking enterprise, by way of interest on moneys lent to the permanent establishment.

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

5. 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.

6. For the purposes of the preceding paragraphs, the 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.

7. Where profits include items of income which are dealt with separately in other Articles of this Agreement, 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 aircraft in international traffic shall be taxable only in that State.

2. Profits of an enterprise of a Contracting State from the operation of ships in international traffic may be taxed in the other Contracting State only if such profits are derived from that other State. However, the tax charged by that other State in respect of such profits shall be reduced by an amount equal to 50% thereof.

3. Profits referred to in paragraphs 1 and 2 shall not include profits from the provision of accommodation or transportation other than from the operation of ships or aircraft in international traffic.

4. Where a ship or aircraft is operated solely between any place in a Contracting State and one or more structures or facilities used for the exploration or exploitation of natural resources situated in waters adjacent to the territorial waters of that State, the exemption or reduction of tax provided for in paragraphs 1 and 2 of this Article shall not apply.

5. For the purposes of this Article profits derived from the operation of ships or aircraft in international traffic shall include profits derived from:

(a) the sale of tickets for such transportation on behalf of other enterprises;

(b) the rental on a bareboat basis of ships or aircraft when such profits are incidental to the profits described in paragraphs 1 and 2; and

(c) the use, demurrage or rental of containers (including trailers and related equipment for transport of containers) when such profits are incidental to the profits described in paragraphs 1 and 2.

6. 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.

ARTICLE 9 - ASSOCIATED ENTERPRISES

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, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reasons 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 Contracting State to a resident of the other Contracting State shall, if the recipient is the beneficial owner of the dividends, be taxable only in the other State.

2. The provisions of paragraph 1 shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. The term "dividends" as used in this Article means income from shares, "jouissance" shares or "jouissance" rights, mining shares, founders' shares or other rights, not being debt-claims, participating in profits, 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.

4. The provisions of paragraph 1 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, or performs in that other State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

5. Where a company which is a resident of a Contracting State derives profits 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 or a fixed base situated in that other State, nor subject the company's undistributed profits to a tax on the company's undistributed profits even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other 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 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 recipient is the beneficial owner of the interest the tax so charged shall not exceed:

(a) 5% of the gross amount of the interest if the beneficial owner is a bank;

(b) 15% of the gross amount of the interest in all other cases.

3. Notwithstanding the provisions of paragraph 2, interest referred to in paragraph 1 shall be taxable only in the Contracting State in which the beneficial owner is a resident if:

(a) the beneficial owner is a Contracting State, a political subdivision, a local authority or a statutory body thereof;

(b) the beneficial owner is a pension or retirement fund established under any law of that Contracting State relating to pensions and retirement benefits, provided its income is generally exempt from tax in that State;

(c) the interest arises in Singapore and is paid in respect of a loan for a period of not less than three years made, guaranteed or insured, or a credit for such period extended, guaranteed or insured, by Banco Nacional de Comercio Exterior, S.N.C., Nacional Financiera, S.N.C. or Banco Nacional de Obras y Servicios Publicos, S.N.C.; or

(d) the interest arises in Mexico and is paid in respect of a loan for a period of not less than three years made, guaranteed or insured, or a credit for such period extended, guaranteed or insured by the Development Bank of Singapore Ltd.

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 all other income that is treated as income from money lent by the taxation law of the Contracting State in which the income arises. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.

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 situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such 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 payer is a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

7. Where there is a special relationship between the payer and the beneficial owner or between both of them and some other person and the amount of the interest 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 Agreement.

8. The provisions of this Article shall not apply if the competent authorities agree that the debt-claim in respect of which the interest is paid was created or assigned with the main purpose of taking advantage of this Article. In that case the provisions of the domestic law of the Contracting State in which the interest arises, shall apply.

ARTICLE 12 - ROYALTIES

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

2. However, such royalties may also be taxed in the State in which they arise and according to the laws of that State, but if the recipient is the beneficial owner of the royalties the tax so charged shall not exceed 10% of the gross amount of the royalties.

3. 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 cinematographic films or films or tapes used for radio or television broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for the use of or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience. The term "royalties" also includes gains derived from the alienation of any such right or property which are contingent on the productivity or use thereof.

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 therein, or

performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such 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 when the payer is a resident of that 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 base and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

6. 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, having regard to the use, right or information for which they are 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 Agreement.

7. The provisions of this Article shall not apply if the competent authorities agree that the rights in respect of which the royalties are paid were created or assigned with the main purpose of taking advantage of this Article. In that case the provisions of the domestic law of the Contracting State in which the royalties arise, shall apply.

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 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 or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State.

3. Gains from the alienation of shares or other rights in a company which is a resident of a Contracting State may be taxed in that State if the person deriving the gain, during a twelve-month period preceding such alienation, had a participation, directly or indirectly, of at least 25% in the capital of that company.

4. Notwithstanding paragraph 3, gains from the alienation of shares or other rights in a company the assets of which consist of at least 50% by value, directly or indirectly, of immovable property (other than immovable property used by a company in its industrial, commercial or agricultural activities or in the conduct of independent personal activities) situated in a Contracting State or any other right pertaining to such immovable property, may be taxed in that State.

5. Gains from the alienation of ships or aircraft operated in international traffic, or movable property pertaining to the operation of such ships or aircraft, shall be taxable only in the Contracting State in which the enterprise is a resident.

6. Gains from the alienation of any property other than that referred to in Article 12 or in the preceding paragraphs of this Article shall be taxable only in the Contracting State of which the alienator is a resident.

7. Notwithstanding the preceding paragraphs, gains derived by a Contracting State, a political subdivision, a local authority or a statutory body thereof from the alienation of any property shall be exempt from tax in the other State.

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 character shall be taxable only in that State. However, such income may also be taxed in the other Contracting State if:

(a) the resident, being an individual, is present in the other State for a period or periods exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned, or

(b) the resident has a fixed base regularly available to him in that other State for the purpose of performing its activities, but only so much of the income as is attributable to services performed in that other State.

2. 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.

ARTICLE 15 - DEPENDENT PERSONAL SERVICES

1. Subject to the provisions of Articles 16, 18 and 19, 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 remuneration as is derived therefrom may be taxed in that other 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 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 fiscal year concerned; and

(b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State; and

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

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Contracting State shall be taxable only in that State unless the remuneration is derived by a resident of the other Contracting State.

ARTICLE 16 - 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 or supervisory board or, in the case of Mexico, in his capacity as administrator (administrador) or statutory supervisor (comisario) of a company which is a resident of that other Contracting State may be taxed in that other State.

ARTICLE 17 - ARTISTES AND SPORTSMEN

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsman, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State. Income referred to in this paragraph shall include income derived from any personal activities exercised in the other Contracting State by such resident relating to his reputation as an entertainer or sportsman.

2. Where income in respect of or in connection with personal activities exercised by an entertainer or a sportsman accrues not to the entertainer or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.

3. Notwithstanding the provisions of paragraph 1 and 2, income derived by artistes or sportsmen who are residents of a Contracting State from the activities exercised in the other Contracting State shall be exempt from tax in that other Contracting State if such activities are supported, wholly or substantially, from the public funds of the Government of either Contracting State, a political subdivision, a local authority or a statutory body thereof.

ARTICLE 18 - PENSIONS

Subject to the provisions of paragraph 2 of Article 19, pensions and other similar remuneration paid to a resident of a Contracting State in consideration of past employment shall be taxable only in that State.

ARTICLE 19 - GOVERNMENT SERVICE

1. (a) Remuneration, other than a pension, paid by a Contracting State, a political subdivision, a local authority or a statutory body thereof to an individual in respect of services rendered to that State, subdivision, authority or body shall be taxable only in that State.

   (b) However, such 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:

      (i) is a national of that State; or

      (ii) did not become a resident of that State solely for the purpose of rendering the services.

2. (a) Any pension paid by, or out of funds created by, a Contracting State, a political subdivision, a local authority or a statutory body thereof to an individual in respect of

services rendered to that State, subdivision, authority or body shall be taxable only in that State.

(b) However, such pension 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 15, 16 and 18 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision, a local authority or a statutory body thereof.

ARTICLE 20 - STUDENTS

Payments which a student or business 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 State, provided that such payments arise from sources outside that State.

ARTICLE 21 – OTHER INCOME

Items of income of a resident of a Contracting State not dealt with in the foregoing Articles of this Agreement and arising in the other Contracting State may be taxed in that other State.

ARTICLE 22 - LIMITATION OF RELIEF

1. Where this Agreement provides (with or without other conditions) that income from sources in Mexico shall be exempt from tax or taxed at a reduced rate in Mexico, and under the laws in force in Singapore the said income is subject to tax by reference to the amount thereof which is remitted to or received in Singapore and not by reference to the full amount thereof, then the exemption or reduction of tax to be allowed under the Agreement in Mexico shall apply only to so much of the income as is remitted to or received in Singapore.

2. However, this limitation does not apply to income derived by the Government of Singapore and its statutory bodies.

ARTICLE 23 - ELIMINATION OF DOUBLE TAXATION

1. In accordance with the provisions and subject to the limitations of the laws of Mexico, as may be amended from time to time without changing the general principle hereof, Mexico shall allow its residents as a credit against the Mexican income tax:

(a) the income tax paid to Singapore by or on behalf of such resident; and

(b) in the case of a company owning at least 10% of the voting stock of a company which is a resident of Singapore and from which the first-mentioned company receives dividends, the income tax paid to Singapore or on behalf of the distributing company with respect to the profits out of which the dividends are paid.

2. Where a resident of Singapore derives income from Mexico or receives income in Singapore which, in accordance with the provisions of this Agreement, may be taxed in Mexico, Singapore shall, subject to its laws regarding the allowance as a credit against Singapore tax of tax paid in any country other than Singapore, allow the Mexican tax paid, whether directly or by deduction, as a credit against the Singapore tax payable on the income of that resident. Where such income is a dividend paid by a company which is a resident of Mexico to a resident of Singapore which is a company owning directly or indirectly not less than 10% of the share capital of the first-mentioned company, the deduction shall take into account the Mexican tax paid by that company on the portion of its profits out of which the dividend is paid.

3. For the purposes of paragraph 2 of this Article:

(a) a tax of 15% shall be deemed to have been paid in Mexico in respect of dividends under Article 10 and royalties under Article 12;

(b) the term "Mexican tax paid" shall be deemed to include, other than the tax mentioned in subparagraph (a), any amount which would have been payable as Mexican tax for any year but for a reduction of tax granted for that year on any part thereof as a result of the application of the following provisions of Mexican law:

(i) Articles 10-B, 13, 51, 51-A, 77 (XVIII)and 143 of the Income Tax Law of Mexico so far as they were in force on, and have not been modified since, the date of signature of this Agreement, or have been modified only in minor respects so as not to affect their general character; or

(ii) any other provisions which may subsequently be introduced, granting a reduction of tax which is agreed by the competent authorities of the Contracting States to be of a substantially similar character, if it has not been modified thereafter, or has been modified only in minor respects so as not to affect its general character.

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, 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.

3. Nothing in this Article shall be construed as obliging a Contracting State to grant to:

(a) residents of the other Contracting State any personal allowances, reliefs and reductions for tax purposes which it grants to its own residents; or

(b) nationals of the other Contracting State those personal allowances, reliefs and reductions for tax purposes which it grants to its own nationals who are not

residents in that Contracting State or to such other persons as may be specified in the taxation laws of that Contracting State.

4. Except where the provisions of Article 9, paragraph 7 of Article 11, or paragraph 6 of Article 12 apply, interest, 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 profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State.

5. 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.

6. Where a Contracting State grants tax incentives to its nationals designed to promote economic development in accordance with its nationals policy and criteria, it shall not be construed as discrimination under this Article.

ARTICLE 25 - MUTUAL AGREEMENT PROCEDURE

1. When 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 Agreement, 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 24, to that of the Contracting State of which he is a national.

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 Agreement, provided that the competent authority of the other Contracting State is notified of the case within four and a half years from the due date or the date of filing the return in that other State, whichever is later. In such case, any agreement reached shall be implemented within ten years from the due date or the date of filing of the return in that other State, whichever is later, or a longer period if permitted under the domestic law of that other State.

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 the Agreement.

4. The competent authorities of the Contracting 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 Contracting States.

5. If any difficulty or doubt arising as to the interpretation or application of this Agreement cannot be resolved by the competent authorities pursuant to the previous paragraphs of this Article, the case may, if both competent authorities and the taxpayer agree, be submitted for arbitration, provided that the taxpayer agrees in writing to be bound by the decision of the arbitration board. The decision of the arbitration board in a particular case shall be binding on

both States with respect to that case. The procedures shall be established between the States by notes to be exchanged through diplomatic channels.

ARTICLE 26 - EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Agreement or of the domestic laws of the Contracting States concerning taxes covered by the Agreement insofar as the taxation thereunder is not contrary to the Agreement. Any information received 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) 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 Agreement. 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 Contracting State the obligation to:

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

(b) 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) 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 27 - DIPLOMATIC AGENTS AND CONSULAR OFFICERS

Nothing in this Agreement shall affect the fiscal privileges of diplomatic agents or consular officers under the general rules of international law or under the provisions of special agreements.

ARTICLE 28 - ENTRY INTO FORCE

1. The Contracting States shall notify each other in writing, through diplomatic channels, that the procedures required by its legislation for the entry into force of this Agreement have been satisfied. The Agreement shall enter into force on the date of receipt of the later of such notifications.

2. The Agreement shall have effect:

(a) in Mexico:

(i) in respect of taxes withheld at the source, to income derived on or after the first day of January in the calendar year next following the year in which the Agreement enters into force;

(ii) in respect of other taxes on income, to taxes chargeable for any taxable year beginning on or after the first day of January in the calendar year next following the year in which the Agreement enters into force;

(b) in Singapore:

in respect of Singapore tax, for any year of assessment beginning on or after the first day of January in the second calendar year following the year in which the Agreement enters into force.

ARTICLE 29 - TERMINATION

1. This Agreement shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Agreement, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year after the expiration of a period of five years from the date of its entry into force.

2. The Agreement shall cease to have effect:

(a) in Mexico:

(i) in respect of taxes withheld at source, to income derived on or after the first day of January in the calendar year next following the year in which the notice is given;

(ii) in respect of other taxes on income, to taxes chargeable for any taxable year beginning on or after the first day of January in the calendar year next following the year in which the notice is given;

(b) in Singapore:

in respect of Singapore tax, for any year of assessment beginning on or after the first day of January in the second calendar year following the year in which the notice is given.

IN WITNESS WHEREOF the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

DONE in duplicate at Singapore this ninth day of November 1994, in the Spanish and English languages, both texts being equally authentic. In case of any divergence of interpretation or application of this Agreement the English text shall prevail.

For the Government of the Republic of Singapore	For the Government of the United Mexican States
DR RICHARD HU TSU TAU	AMBASSADOR MANUEL TELLO

PROTOCOL (1994)

At the moment of signing the Agreement for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income, this day concluded between the Republic of Singapore and the United Mexican States, the undersigned have agreed that the following provisions shall form an integral part of the Agreement.

1. **With reference to Article 4**

A partnership, estate or trust is a resident of a Contracting State only to the extent that the income it derives is subject to tax in that State, either in the hands of the partnership, estate or trust, or in the hands of its partners or beneficiaries.

2. **With reference to Article 5**

Regarding subparagraph (e) of paragraph 4, representative offices of Singapore banks in Mexico shall not constitute permanent establishments, if their activities are limited to the preparation of the allocation of loans in Mexico.

3. **With reference to Article 7**

(a) Regarding paragraph 1, if an enterprise of a Contracting State which has a permanent establishment in the other Contracting State sells in that other State goods or merchandise of the same or similar kind as goods or merchandise sold through that permanent establishment, the profits derived from such sales shall be attributable to that permanent establishment. However, the profits derived from such sales shall not be attributable to the permanent establishment if the enterprise demonstrates that such sales were so carried out for valid economic reasons.

(b) Regarding paragraphs 1 and 2, income or profits attributable to a permanent establishment during its existence will be taxed in the Contracting State in which the permanent establishment is situated even if the payments are deferred until the permanent establishment has ceased to exist.

4. **With reference to Article 10**

For the purpose of paragraph 1, dividends paid by a company which is a resident of Singapore to a resident of Mexico are not subjected to a tax on dividends in addition to the tax on the profits or income of the company, as under the current laws of Singapore, there is no income tax which is chargeable on dividends in addition to the tax on the profits or income of a company. The same applies in the case of Mexico.

5. **With reference to Articles 11 and 13**

For the purpose of paragraph 3(a) of Article 11 and paragraph 7 of Article 13, the term "Contracting State" means:

(a) in the case of Singapore, the Government of Singapore and shall include:

(i) the Monetary Authority of Singapore and the Board of Commissioners of Currency;

(ii) the Government of Singapore Investment Corporation Pte Ltd.;

(iii) any institution wholly or mainly owned by the Government of Singapore as may be agreed from time to time between the competent authorities of the Contracting States;

(b) in the case of Mexico, the Government of Mexico and shall include:

(i) Banco de Mexico;

(ii) any institution wholly or mainly owned by the Government of Mexico as may be agreed from time to time between the competent authorities of the Contracting States.

6. **With reference to paragraph 2 of Article 22**

The term "Government of Singapore" includes the Government of Singapore Investment Corporation Pte Ltd when acting on behalf of the Government of Singapore.

7. **With reference to Article 23**

To the extent that the Mexican asset tax is a minimum income tax and is creditable against Mexican tax, it shall be considered as "Mexican tax paid" for the purpose of this Article.

8. **With reference to paragraph 4 of Article 24**

It is understood that, for the purposes of allowing deduction of a payment of expenses to a non-resident, nothing in the said paragraph shall be construed as preventing Singapore or Mexico from imposing any obligation to withhold tax from such payment.

IN WITNESS WHEREOF the undersigned, duly authorised thereto by their respective Governments, have signed this Protocol.

DONE in duplicate at Singapore this ninth day of November 1994, in the Spanish and English languages, both texts being equally authentic. In case of any divergence of interpretation or application of this Protocol the English text shall prevail.

For the Government of the Republic of Singapore	For the Government of the United Mexican States
DR RICHARD HU TSU TAU	AMBASSADOR MANUEL TELLO

ANNEX A

Effects of the MLI on this Agreement

1. **Replacement of Preamble**

The Preamble of this Agreement is replaced by the following Preamble:

"The Government of the Republic of Singapore and the Government of the United Mexican States,

Desiring to further develop their economic relationship and to enhance their co-operation in tax matters,

Intending to eliminate double taxation with respect to the taxes covered by this Agreement without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in this Agreement for the indirect benefit of residents of third jurisdictions),

Have agreed as follows:".

2. **Amendment of Article 9**

Article 9 (Associated Enterprises) of the Agreement is renumbered as paragraph 1 and the following paragraph is inserted after paragraph 1:

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

3. **Amendment of Article 11**

Paragraph 8 of Article 11 (Interest) of the Agreement is deleted.

4. **Amendment of Article 12**

Paragraph 7 of Article 12 (Royalties) of the Agreement is deleted.

5. **Amendment of Article 25**

(a) In paragraph 1 of Article 25 (Mutual Agreement Procedure) of the agreement, the words "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 Agreement." are inserted at the end of the paragraph.

(b) Paragraph 2 of Article 25 (Mutual Agreement Procedure) of the agreement is replaced with the following paragraph:

"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 Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.".

(c) In paragraph 3 of Article 25 (Mutual Agreement Procedure) of the agreement, the words "They may also consult together for the elimination of double taxation in cases not provided for in the Agreement." are inserted at the end of the paragraph.

6. **New Article 27A**

The following new Article 27A is inserted after Article 27 (Diplomatic Agents and Consular Officers):

"**ARTICLE 27A - PREVENTION OF TREATY ABUSE**

Notwithstanding any provisions of this Agreement, a benefit under this Agreement shall not be granted in respect of an item of income or capital if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this Agreement.".

7. **Entry into effect of the MLI**

The effects of the MLI on this Agreement, as laid out in this Annex, shall have effect in Singapore:

(a) with respect to taxes withheld at source, in respect of amounts paid, deemed paid or liable to be paid (whichever is the earliest), on or after 1 January 2024; and

(b) with respect to taxes other than those withheld at source, where the income is derived or received in a basis period beginning on or after 1 January 2024.

ANNEX B

PROTOCOL AMENDING THE AGREEMENT BETWEEN THE REPUBLIC OF SINGAPORE AND THE UNITED MEXICAN STATES FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The Government of the Republic of Singapore and the Government of the United Mexican States,

Desiring to amend the Agreement between the Republic of Singapore and the United Mexican States for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed at Singapore on 9 November 1994 (hereinafter referred to as "the Agreement"),

Have agreed as follows:

ARTICLE I

The text of Article 26 of the Agreement is deleted and replaced by the following:

"1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Agreement or to the administration or enforcement of the domestic laws 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 Agreement. The exchange of information is not restricted by Articles 1 and 2.

2. Any information received under paragraph 1 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 prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. 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 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 (ordre public).

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 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.

5. In no case shall the provisions of paragraph 3 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 II

The Contracting States shall notify each other in writing, through diplomatic channels, that the procedures required by its legislation for the entry into force of this Protocol have been satisfied. The Protocol shall enter into force thirty (30) days after the date of receipt to the later of such notifications. The provisions of this Protocol shall have effect from 1 January of the calendar year next following the year of the entry into force of this Protocol.

ARTICLE III

This Protocol, which shall form an integral part of the Agreement, shall remain in force as long as the Agreement remains in force and shall apply as long as the Agreement itself is applicable.

IN WITNESS WHEREOF the undersigned, duly authorised thereto by their respective Governments, have signed this Protocol.

DONE in duplicate at Mexico City on this 29th day of September 2009, in the Spanish and English languages, both texts being equally authentic. In case of any divergence of interpretation or application of this Protocol the English text shall prevail.

FOR THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE	FOR THE GOVERNMENT OF THE UNITED MEXICAN STATES
Ng Wai Choong	**José Antonio Meade Kuribreña**
Deputy Secretary (Policy)	**Underminister of Revenue**
Ministry of Finance	**Ministry of Revenue and Public Credit**