

**AGREEMENT BETWEEN  
THE REPUBLIC OF SINGAPORE AND  
THE ISLAMIC REPUBLIC OF PAKISTAN  
FOR THE AVOIDANCE OF DOUBLE TAXATION AND  
THE PREVENTION OF FISCAL EVASION  
WITH RESPECT TO TAXES ON INCOME**

Date of Conclusion: 13 April 1993.

Entry into Force: 6 August 1993.

Effective Date: 1 January 1987.

NOTE

Singapore and Pakistan 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 Pakistan ratified the MLI on 21 December 2018 and 18 December 2020 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 – Pakistan) (Avoidance of Double Taxation Agreement) (Modifications to Implement Multilateral Instrument) Order 2021, which has entered into force on 1 April 2021, 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.

The Government of the Republic of Singapore and the Government of the Islamic Republic of Pakistan,

Desiring to conclude an Agreement 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 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. The existing taxes to which the Agreement shall apply are in particular:
  - (a) in the case of Singapore:

the income tax

(hereinafter referred to as "Singapore tax");
  - (b) in the case of Pakistan:
    - the income tax;
    - the super tax; and
    - the surcharge

(hereinafter referred to as "Pakistan tax").
3. 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 by either Contracting State or by the government of any territory to which the Agreement is extended under Article 28.
4. 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)
    - (i) the term "Singapore" means the Republic of Singapore;
    - (ii) the term "Pakistan" means Pakistan as defined in the Constitution of the Islamic Republic of Pakistan and includes any area outside the territorial waters of Pakistan which under the laws of Pakistan and in accordance with international law is an area within which the rights of Pakistan with respect to the seabed and subsoil and their natural resources may be exercised;
  - (b) the terms "a Contracting State" and "the other Contracting State" mean Singapore or Pakistan as the context requires;
  - (c) the term "person" includes an individual, a company and any other body of persons which is treated as an entity for tax purposes;
  - (d) the term "company" means any body corporate or any other entity which is treated as a body corporate for tax purposes;

- (e) 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;
- (f) the term "profits of an enterprise" does not include rents or royalties in respect of copyrights of literary, artistic or scientific work, motion picture films or of tapes for television or broadcasting or of mines, oil wells, quarries, or other places of extraction of natural resources or of timber or forest produce, or income in the form of dividends, interest, rents, royalties, or fees or other payments derived from the management, control or supervision of the trade, business or other activity of any other enterprise or concern or payments for labour or personal services or income derived from the operation of ships or aircraft;
- (g) 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 Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State or solely between such places and one or more structures used for the exploration or exploitation of natural resources situated in waters adjacent to the territorial waters of that other State;
- (h) the term "competent authority" means:
  - (i) in Singapore, the Minister for Finance or his authorised representatives;
  - (ii) in Pakistan, the Central Board of Revenue or its authorised representative; and in the case of any territory to which the present Agreement is extended under Article 28, the competent authority for the administration in such territory of the taxes to which the present Agreement applies.

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 resident in a Contracting State for tax purposes of that State.

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

- (a) he shall be deemed to be a resident 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, 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;
- (f) a warehouse;
- (g) a permanent sales exhibition; and
- (h) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

3. The term "permanent establishment" likewise encompasses a building site, a construction, assembly or installation project or any supervisory activity in connection therewith, but only where such site, project or activity exists for a period of more than 183 days.

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 display 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 or display;
- (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, for the supply of information, for 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 6 applies) is acting in a Contracting State on behalf of an enterprise of the other Contracting State, that enterprise shall be deemed to have a permanent establishment in the first-mentioned Contracting State in respect of any activities which that person undertakes for the enterprise, if such a person:

- (a) has and habitually exercises in that State an authority to conclude contracts in the name of 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;
- (b) 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) habitually secures orders in the first-mentioned State exclusively or almost exclusively for the enterprise itself or for such other enterprises which are controlled by it or have a controlling interest in it.

6. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other 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. However, when the activities of such an agent are devoted wholly or almost wholly on behalf of that enterprise, he will not be considered an agent of an independent status within the meaning of this paragraph.

7. 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 also 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 professional 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.

(a) In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses of the enterprise which are incurred for the purposes of the permanent establishment, including only those executive and general administrative expenses incurred, whether in the State in which the permanent establishment is situated or elsewhere, which are allowed under the provisions of the domestic law of the Contracting State in which the permanent establishment is situated.

(b) However, no such deduction shall be allowed in respect of 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, or 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 monies lent to the permanent establishment. Likewise, no account shall be taken in the determination of the profits of a permanent establishment of amounts charged (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, or 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 monies lent to the head office of the enterprise or any of its other offices.

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. 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 from the operation of aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.
2. Profits of an enterprise of a Contracting State from the operation of ships in international traffic may be taxed in that State. However, such profits derived from sources within the other Contracting State may also be taxed in that other State provided that the tax so charged in that other Contracting State shall be reduced by 50%.
3. The provisions of the foregoing paragraphs of this Article 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 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 Contracting State to a resident of the other Contracting State may be taxed in that other State.
2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the law of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed:
  - (a) 10% of the gross amount of the dividends if the beneficial owner is a company and the company paying the dividends is engaged in an industrial undertaking;
  - (b) 12.5% of the gross amount of the dividends if the beneficial owner is a company and the company paying the dividends is not engaged in an industrial undertaking;
  - (c) 15% of the gross amount of the dividends in all other cases.

The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of these limitations.

The provisions of this paragraph shall not affect the taxation of the company on the profits out of which the dividends are paid.

3. Under the current Singapore laws, where dividends are paid by a company which is a resident of Singapore to a resident of Pakistan who is the beneficial owner of such dividends, there is no tax in Singapore which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company -

- (a) provided that nothing in this paragraph shall affect the provisions of Singapore law under which the tax in respect of a dividend paid by a company which is a resident of Singapore from which Singapore tax has been, or has been deemed to be, deducted may be adjusted by reference to the rate of tax appropriate to the Singapore year of assessment immediately following that in which the dividend was paid;
- (b) provided further that if Singapore, subsequent to the signing of this Agreement, imposes a tax on dividends paid by a company which is a resident of Singapore which is in addition to the tax chargeable in respect of the profits or income of the company, such tax may be charged but the tax so charged on such dividends derived by a resident of Pakistan who is the beneficial owner of such dividends shall be in accordance with the provisions of paragraph 2.

4.

- (a) The term "dividends" as used in this Article means income from shares, or other rights, not being debt-claims, participating in profits or income, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the taxation laws of the Contracting State of which the company making the distribution is a resident.
- (b) The term "industrial undertaking" as used in this Article means an undertaking engaged in -
  - (i) the manufacture of goods or materials or the subsection of goods or materials to any process which results in substantially changing their original condition;
  - (ii) ship-building;
  - (iii) electricity, hydraulic power, gas and water supply;
  - (iv) mining including working of an oil or gas well or the source of any mineral deposit; and
  - (v) any other undertaking which may be agreed to by the competent authorities to be an industrial undertaking for the purposes of this Article.

5. The provisions of paragraphs 1 and 2 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 15, as the case may be, shall apply.

6. 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.

7.

(a) Dividends shall be deemed to arise in Pakistan if they are paid by a company which is a resident of Pakistan.

(b) Dividends shall be deemed to arise in Singapore if they are paid by a company which is a resident of Singapore.

## **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 12.5% of the gross amount of the interest. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

3. 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. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.

4. 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 15, as the case may be, shall apply.

5. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local or statutory authority or 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 in connection with which the indebtedness on which the interest is paid was incurred, 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.

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 interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

7. Notwithstanding the provisions of paragraphs 1 and 2,

- (a) the State Bank of Pakistan shall be exempt from Singapore tax with respect to interest from sources within Singapore;
- (b) the Monetary Authority of Singapore, the Board of Commissioners of Currency and the Government of Singapore Investment Corporation Pte Ltd shall be exempt from Pakistan tax with respect to interest from sources within Pakistan; and
- (c) the Government of a Contracting State shall be exempt from the tax of the other Contracting State with respect to interest on loans derived by that Government from sources within that other State.

## **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 Contracting 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. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

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 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.

4. The provisions of paragraphs 1 and 2 shall apply equally to any sum derived by a resident of one of the Contracting States from sources within the other Contracting State from the alienation of any right or property from which royalties, as defined in paragraph 3 of this Article, are or may be derived.

5. The provisions of paragraphs 1, 2 and 4 shall not apply if the beneficial owner of the royalties or sums, 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 15, as the case may be, shall apply.

6. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local or statutory authority or 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 in connection with which the liability to pay the royalties was incurred, 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.

7. 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.

### **ARTICLE 13 - FEES FOR TECHNICAL SERVICES**

1. Fees for technical services arising in a Contracting State and paid to an enterprise of the other Contracting State may be taxed in that other State.

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

3. The term "fees for technical services" as used in this Article means any consideration (including any lump sum consideration) for the rendering of any managerial, technical or consultancy services (including the provision by the enterprise of the services of technical or other personnel), but does not include consideration for any construction, assembly or like project undertaken by the recipient or consideration which would be income falling under Article 15 of the Agreement.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the fees for technical services, being a resident of a Contracting State, carries on business in the other Contracting State in which the fees for technical services arise, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein and the contract in respect of which the fees for technical services are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 15, as the case may be, shall apply.

5. Fees for technical services shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local or statutory authority or a resident of that State. Where, however, the person paying the fees for technical services, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the obligation to make the payments was incurred, and the payments are borne by such permanent establishment, then such fees for technical services shall be deemed to arise in the State in which the permanent establishment 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 fees for technical services exceeds the amount which would have been paid 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.

#### **ARTICLE 14 - 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 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 place of effective management of the enterprise is situated.

#### **ARTICLE 15 - PERSONAL SERVICES**

1. Subject to the provisions of Articles 16, 18 and 19, salaries, wages and other similar remuneration or income derived by a resident of a Contracting State in respect of personal services (including professional services or other activities of an independent character) shall be taxable only in that State unless the services are rendered in the other Contracting State. If the services are so rendered, such remuneration or income as is derived therefrom may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1, remuneration or income derived by a resident of a Contracting State in respect of services rendered 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 12-month period, and
- (b) the services are rendered for or on behalf of a person who is a resident of the first-mentioned State, and
- (c) the remuneration or income is subject to tax in the first- mentioned State, and
- (d) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State, and
- (e) the payment for independent personal services is not borne by a resident of the other State or by a permanent establishment or a fixed base which a resident of the first-mentioned State has in the other State.

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

#### **ARTICLE 16 - DIRECTORS' FEES**

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

2. The remuneration which a person to whom paragraph 1 applies derives from the company in respect of the discharge of day-to-day functions of a managerial or technical nature may be taxed in accordance with the provisions of Article 15.

#### **ARTICLE 17 - ARTISTES AND ATHLETES**

1. Notwithstanding the provisions of Article 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 an athlete, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State.

Such income shall, however, be exempt from tax in that other State if such activities are supported, wholly or substantially, from the public funds of the Government of either Contracting State or a local or statutory authority thereof.

2. Where income in respect of personal activities exercised in a Contracting State 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 15, be taxed in that State.

Such income shall, however, be exempt from tax in that State if such activities are supported, wholly or substantially, from the public funds of the Government of either Contracting State or a local or statutory authority thereof.

3. Notwithstanding the provisions of Article 7, where the activities mentioned in paragraph 1 are provided in a Contracting State by an enterprise of the other Contracting State the profits derived from providing these activities by such an enterprise may be taxed in the first-mentioned Contracting State unless the enterprise is substantially supported from the public funds of the other Contracting State, including any political subdivision, local authority or statutory body thereof, in connection with the provision of such activities.

#### **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 - REMUNERATION AND PENSION IN RESPECT OF GOVERNMENT SERVICE**

1.
  - (a) Remuneration, other than a pension, paid by a Contracting State or a political subdivision or a local or statutory authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.
  - (b) However, such remuneration shall be taxable only in the other Contracting State if the services are rendered in that other State and the individual is a resident of that other State who:
    - (i) is a national of that other State; or
    - (ii) did not become a resident of that other State solely for the purpose of rendering the services.
2. Any pension paid by, or out of funds created by a Contracting State or a political subdivision or a local or statutory authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in 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 or a local or statutory authority thereof.

## **ARTICLE 20 - PROFESSORS AND TEACHERS**

1. An individual who, at the invitation of a university, college, school or other similar educational institution which is recognised in a Contracting State, visits that State for a period not exceeding 2 years solely for purpose of teaching or conducting research or both at such educational institution and who is immediately before that visit, a resident of the other Contracting State shall be exempt from tax in the first-mentioned State on
  - any remuneration for such teaching or research; and
  - any income which arises or accrues to him outside that State.
2. This Article shall not apply to income from research if such research is undertaken primarily for the private benefit of a specific person or persons.
3. For the purposes of this Article, the term "recognised" means recognised by the competent authorities of the respective States.

## **ARTICLE 21 - STUDENTS AND APPRENTICES**

1. An individual who is a resident of a Contracting State immediately before making a visit to the other Contracting State and is temporarily present in the other State solely as a student at a university, college, school or other similar educational institution which is recognised in that other State or as a business or technical apprentice therein for a period not exceeding five years from the date of his first arrival in that other State in connection with that visit, shall be exempt from tax in that other State on:

- (a) all remittances from abroad for the purposes of his maintenance, education or training;
- (b) any remuneration not exceeding the sum of 2500 United States dollars or its equivalent sum in Singapore or Pakistan currency during any calendar year, or such amount as may be agreed from time to time between the competent authorities of the Contracting States, for personal services rendered in that other State with a view to supplement the resources available to him for such purposes; and
- (c) any income which arises or accrues to him outside that other State.

2. An individual who is a resident of a Contracting State immediately before making a visit to the other Contracting State and is temporarily present in the other State for the purposes of study, research or training solely as a recipient of a grant, allowance or award from the Government of either State or from a scientific, educational, religious or charitable organization or under a technical assistance programme entered into by the Government of either State for a period not exceeding five years from the date of his first arrival in that other State in connection with that visit, shall be exempt from tax in that other State on:

- (a) the amount of such grant, allowance or award;
- (b) all remittances from abroad for the purposes of his maintenance, education or training;
- (c) any remuneration not exceeding the sum of 3600 United States dollars or its equivalent sum in Singapore or Pakistan currency during any calendar year, or such amount as may be agreed from time to time between the competent authorities of the Contracting States, for personal services rendered in that other State provided such services are performed in connection with his study, research or training or are incidental thereto; and
- (d) any income which arises or accrues to him outside that other State.

3. Any individual who is a resident of a Contracting State immediately before making a visit to the other Contracting State and is temporarily present in the other State as an employee of, or under contract with, the Government or an enterprise of the first- mentioned State solely for the purpose of acquiring technical, professional or business experience for a period not exceeding twelve months from the date of his first arrival in that other State in connection with that visit, shall be exempt from tax in that other State on:

- (a) all remittances from abroad for the purposes of his maintenance, education or training;
- (b) any remuneration not exceeding the sum of 5000 United States dollars or its equivalent sum in Singapore or Pakistan currency during any calendar year, or such amount as may be agreed from time to time between the competent authorities of the Contracting States, for personal services rendered in that other State provided such services are performed in connection with the acquisition of such experience or are incidental thereto; and
- (c) any income which arises or accrues to him outside that other State.

4. For the purposes of this Article, the term "recognised" means recognised by the competent authorities of the respective States.

5. The benefits of paragraphs 1, 2 or 3 shall not be concurrently cumulative.

## **ARTICLE 22 - 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 23 - ELIMINATION OF DOUBLE TAXATION**

1. The laws in force in either of the Contracting States shall continue to govern the taxation of income in the respective States except where express provisions to the contrary are made in this Agreement. Where income is subject to tax in both States, relief from double taxation shall be given in accordance with the following paragraphs.

2. In the case of Pakistan, subject to the provisions of the laws of Pakistan regarding the allowance as a credit against Pakistan tax, the amount of Singapore tax payable, under the laws of Singapore and in accordance with the provisions of this Agreement, whether directly or by deduction, by a resident of Pakistan, in respect of income from sources within Singapore which has been subjected to tax both in Pakistan and Singapore, shall be allowed as a credit against the Pakistan tax payable in respect of such income but in an amount not exceeding that proportion of Pakistan tax which such amount bears to the entire income chargeable to Pakistan tax.

3. In the case of Singapore, subject to the provisions of the laws of Singapore regarding the allowance as a credit against Singapore tax on tax payable in any country other than Singapore, tax payable under the laws of Pakistan and in accordance with this Agreement, whether directly or by deduction, on income from sources within Pakistan shall be allowed as a credit against any Singapore tax computed by reference to the same income on which the Pakistan tax is computed. The credit shall not, however, exceed that part of the Singapore tax, as computed before the credit is given, which is attributable to such item of income derived from Pakistan.

4. For the purposes of allowance as a credit against the tax payable in Singapore or Pakistan, as the context requires, the tax payable on dividends, interest, royalties or fees for technical services in a Contracting State shall be deemed to include the tax which is otherwise payable in that State in accordance with the provisions of this Agreement had it not been reduced or exempted by that State in pursuance of its tax incentives programme for the promotion of economic development. Provided that the credit referred to in this paragraph shall be:

- (a) in the case of dividends an amount of 15% of the gross amount of such dividends;
- (b) in the case of interest an amount of 12.5% of the gross amount of such interest; and
- (c) in the case of royalties or fees for technical services an amount of 10% of the gross amount of such royalties or fees for technical services.

## ARTICLE 24 - NON-DISCRIMINATION

1. The nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected.
2. The term "national" means:
  - (a) all individuals possessing the nationality of a Contracting State;
  - (b) all legal persons, partnerships and associations deriving their status as such from the laws in force in a Contracting State.
3. 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.
4. Nothing in this Article shall be construed -
  - (a) as obliging either of the Contracting States, to grant to persons not resident in its territory those personal allowances and reliefs for tax purposes which are by law available only to persons who are so resident;
  - (b) as affecting any provisions of the laws of either Contracting State regarding the imposition of tax on a non-resident person, other than a company; or
  - (c) as affecting any provisions of the laws of either Contracting State regarding the grant of rebate of tax to companies fulfilling specific requirements regarding the declaration and payment of dividends; or
  - (d) as obliging a Contracting State to grant to 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 resident in that Contracting State or to such other persons as may be specified in the taxation laws of that Contracting 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 national policy and criteria, it shall not be construed as discrimination under this Article.
7. In this Article, the term "taxation" means taxes which are the subject of this Agreement.

## **ARTICLE 25 - MUTUAL AGREEMENT PROCEDURE**

1. Where a resident of a Contracting State 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 taxation laws 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. An application must be presented in writing stating the grounds for claiming the revision of such taxation within three years from the first notification of the action resulting in taxation not in accordance with the provisions of this Agreement.

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 an appropriate 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.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of this Agreement. They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.

4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of giving effect to the provisions of this Agreement. 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.

## **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.

2. In no case shall the provisions of paragraph 1 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).

## **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 - TERRITORIAL EXTENSION**

1. This Agreement may be extended, either in its entirety or with any necessary modifications to any State or territory for whose international relations either of the Contracting States is responsible and which imposes taxes substantially similar in character to those to which this Agreement applies. Any such extension shall take effect from such date and subject to such modifications and conditions, including conditions as to termination, as may be specified and agreed between the Contracting States in notes to be exchanged through diplomatic channels.

2. Unless otherwise agreed by both Contracting States, the termination of this Agreement by one of them under Article 30 shall also terminate, in the manner provided for in that Article, the application of this Agreement to any State or territory to which it has been extended under this Article.

## **ARTICLE 29 - ENTRY INTO FORCE**

1. The Contracting States shall notify each other that the constitutional requirements for the entry into force of this Agreement have been complied with.

2. This Agreement shall enter into force on the date of the later of the notifications referred to in paragraph 1 and its provisions shall have effect in respect of income derived on or after the first day of January 1987.

## **ARTICLE 30 - PERIOD OF VALIDITY**

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 on or before the thirtieth day of June of any calendar year following after the period of three years from the year in which the Agreement enters into force. In such event, the Agreement shall cease to have effect in respect of income derived 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, being duly authorised thereto, have signed this Agreement.

DONE in duplicate at Singapore this thirteenth day of April of the year one thousand nine hundred and ninety-three in the English language.

For the Government of the  
Republic of Singapore

KOH YONG GUAN

For the Government of the  
Islamic Republic of Pakistan

IQBAL FARID

## PROTOCOL (1993)

At the time of signing the Agreement between the Islamic Republic of Pakistan and the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, the undersigned have agreed that the following provisions shall form an integral part of the Agreement.

1. In respect of paragraph 1 of Article 7 of the Agreement, it is understood that in Pakistan the profits attributable to a permanent establishment shall include:

- (a) profits from sales in Pakistan of goods or merchandise of the same or similar kind as those sold through the permanent establishment; or
- (b) profits from other business activities carried on in Pakistan of the same or similar kind as those effected through the permanent establishment.

These provisions shall, however, not apply if the enterprise proves that such sales or activities could not have been reasonably undertaken by the permanent establishment.

2. In respect of sub-paragraph (b) of paragraph 3 of Article 7 of the Agreement, it is understood that the words "otherwise than towards reimbursement of actual expenses" in the context of royalties, fees or other similar payments mean that if the head office of an enterprise or any of its other offices makes such payments to a third party which relate to the activities of the permanent establishment of the enterprise, then any reimbursement of such payments to the head office or other office by the permanent establishment would be allowed as a deduction in the determination of its profits. Likewise any such reimbursement by the head office or other offices to the permanent establishment would not be excluded from the income of the permanent establishment.

3. In respect of clause (ii) of sub-paragraph (b) of paragraph 4 of Article 10 of the Agreement, it is understood that the term "ship-building" includes ship-repairing.

4. In respect of sub-paragraph (b) of paragraph 7 of Article 10 of the Agreement, it is understood that where, for the purposes of Article VII of the Agreement between the Government of Malaysia and the Government of the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed in Singapore on 26th December 1968 -

- (a) a dividend was paid by a company -
  - (i) which was resident in both Malaysia and Singapore and the meeting at which the dividend was declared was held in Singapore; or
  - (ii) which was resident in Malaysia and at the time of payment of that dividend the company declared itself to be a resident of Singapore, the dividend shall be deemed to have been paid by a company resident in Singapore;
- (b) a dividend was paid by a company -
  - (i) which was resident in both Malaysia and Singapore and the meeting at which the dividend was declared was held in Malaysia; or

- (ii) which was resident in Singapore and at the time of payment of that dividend the company declared itself to be a resident of Malaysia, the dividend shall be deemed to have been paid by a company not resident in Singapore.

5. It is further understood that where this Agreement provides (with or without other conditions) that income from sources in Pakistan shall be exempt from tax, or taxed at a reduced rate, in Pakistan and under the laws in force in Singapore the same 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 this Agreement in Pakistan shall apply only to so much of the income as is remitted to or received in Singapore. However, this limitation does not apply to income derived by the Government of Singapore or any person approved by the competent authority of Singapore for the purpose of this paragraph. The term "the Government of Singapore" shall include its agencies and statutory bodies.

IN WITNESS WHEREOF, the undersigned, being duly authorised thereto, have signed this Protocol.

DONE in duplicate at Singapore this thirteenth day of April of the year one thousand nine hundred and ninety-three in the English language.

For the Government of the  
Republic of Singapore

KOH YONG GUAN

For the Government of the  
Islamic Republic of Pakistan

IQBAL FARID

# ANNEX A

## Effects of the MLI on this Agreement

### 1. Deletion and replacement of the Preamble

The preamble of this Agreement is deleted and replaced by the following preamble:

“The Government of the Republic of Singapore and the Government of the Islamic Republic of Pakistan,

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 this Agreement is amended —

- (a) by numbering the existing provision as paragraph 1; and
- (b) by inserting, immediately after paragraph 1, the following paragraph:

“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 25**

In paragraph 2 of Article 25 (Mutual Agreement Procedure), the words “Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.” are inserted immediately after the words “not in accordance with the Agreement.”.

**4. New Article 27A**

The following new Article 27A is inserted immediately 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.”.

**5. 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) for paragraph 3 of this Annex on the amendment of Article 25 (Mutual Agreement Procedure), for a case presented on or after 1 April 2021, without regard to the basis period to which the case relates. However, paragraph 3 of this Annex shall not apply to a case that was not eligible to be presented immediately before 1 April 2021;
- (b) for all other paragraphs in this Annex:
  - (i) 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 2022; and
  - (ii) 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 October 2021.