

TABLE OF CONTENTS (SUMMARY)

Chapter I: INTRODUCTION	13
Chapter II: THE HISTORY OF TAX TREATIES	17
Chapter III: DOUBLE TAXATION	21
1. The principle of sovereignty	23
2. Source versus residence taxation.	24
3. Forms of double taxation	25
4. Reasons for double taxation.....	30
5. Unilateral methods for the avoidance of double taxation.....	36
Chapter IV: legal aspects and interpretation of tax treaties	39
1. The legal basis of tax treaties	41
2. The relation between tax treaties and domestic tax law.....	42
3. Treaty override	44
4. Interpretation of tax treaties	45
Chapter V: STRUCTURE, SCOPE AND MECHANICS OF TAX TREATIES	55
1. Structure of the OECD Model.....	57
2. Scope of tax treaties.....	60
3. Mechanics of the OECD Model	76
4. Special provisions (Articles 24 – 29 OECD-MC)	89
5. Final provisions (Articles 30, 31 OECD-MC)	90
6. Checklist: Application of tax treaties.....	92
Chapter VI: taxation of income and capital	93
1. Income from immovable property (Article 6 OECD-MC)	95
2. Business profits (Article 7 OECD-MC)	100
3. Shipping, inland waterways transport and air transport (Article 8 OECD-MC)	132
4. Associated enterprises (Article 9 OECD-MC).....	134
5. Dividends (Article 10 OECD-MC)	138
6. Interest (Article 11 OECD-MC)	147
7. Royalties (Article 12 OECD-MC).....	159
8. Capital gains (Article 13 OECD-MC)	164
9. Independent services (Article 14 OECD-MC).....	171
10. Income from employment (Article 15 OECD-MC)	171

11. Directors' fees (Article 16 OECD-MC)	180
12. Entertainers and sportspersons (Article 17 OECD-MC)	181
13. Pensions (Article 18 OECD-MC)	183
14. Government service (Article 19 OECD-MC)	184
15. Students (Article 20 OECD-MC)	187
16. Other income (Article 21 OECD-MC)	188
17. Capital (Article 22 OECD-MC)	199
Chapter VII: Methods for the elimination of double taxation	197
1. Overview	199
2. The rationale behind the methods for the elimination of double taxation	201
3. The exemption method (Article 23 A OECD-MC)	202
4. The credit method (Article 23 B OECD-MC)	208
Chapter VIII: Special provisions	213
1. Non-discrimination (Article 24 OECD-MC)	215
2. Mutual agreement procedure (Article 25 OECD-MC)	221
3. Exchange of information (Article 26 OECD-MC)	226
4. Assistance in the collection of taxes (Article 27 OECD-MC)	230
5. Members of diplomatic missions and consular posts (Article 28 OECD-MC)	234
Chapter IX: Case studies	237
1. Overview	239
2. Case study I – The High-tech Group (a multinational enterprise)	240
3. Case study II – The border town (individuals realising cross-border income)	249
4. Case study III – Triangular cases involving PEs	265
Appendix	311