

MINUTES

A Jordanian delegation headed by Salman Tarawneh, Legal Adviser of the Income Tax Department - Ministry of Finance of the Hashemite Kingdom of Jordan and a Romanian delegation headed by Gheorghe Gatin, Chief of the Office Tax on Income and Fiscal Conventions from the Ministry of Finance of the Socialist Republic of Romania have had negotiations with a view to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital between Romania and Jordan, in Bucharest, from May 17 - 23, 1983.

During the negotiations, which took place in a spirit of friendship and mutual understanding, the delegations considered all Articles of the Draft Convention.

The delegations have reached agreement on the major part of the Articles of the Draft. The following provisions remain open for further negotiations:

1. Article 5 (Permanent establishment), paragraph 2, point "c" concerning the period - Romanian proposal 9 months, Jordanian proposal 6 months.
2. Article 10 (Dividends), paragraph 2 - Romanian proposal - 15 per cent.
3. Article 11 (Interests), paragraph 2 - Romanian proposal - 12.5 per cent.
- paragraph 3, Romanian proposal
4. Article 12 (Commission), paragraph 2 - Romanian proposal - 15 per cent.
5. Article 13 (Royalties), paragraph 2 - Romanian proposal - 12.5 per cent.

In addition to other provisions which were mentioned in dual proposals in the Draft itself.

The Jordanian Party shall consult with its competent authorities concerning the provisions mentioned above in Articles 10-13.

Both Parties agreed upon continuing negotiations in Amman in order to reach a final agreement on the Convention, as soon as possible.

Done in Bucharest on May 23, 1983

FOR THE ROMANIAN DELEGATION

Gheorghe Gatin

FOR THE JORDANIAN DELEGATION

Salman Tarawneh

M I N U T E S

A Romanian delegation headed by Gheorghe Gatin, chief of the office tax on Income and fiscal conventions from the Ministry of Finance of the Socialist Republic of Romania, and A Jordanian delegation headed by Salman Tarawneh, Legal Adviser of the Income Tax Department, Ministry of Finance of the Hashemite Kingdom of Jordan, resumed negotiations with a view to conclude A convention for the avoidance of double taxation and the prevention of Fiscal evasion with respect to taxes on Income and capital between Romania and Jordan, in Amman, During the period from september 29 - October 2nd , 1983.

During the negotiations, which took place in a spirit of friendship and mutual understanding, the delegations considered the provisions which where left open after the first round of negotiations held in Bucharest Last May.

The Delegations have reached agreement on the Suspended provisions as they are reformulated in the Draft which is signed initially by the heads of the two delegations.

Done in Amman on October 2 , 1983.

For The Jordanian Delegation

Salman Tarawneh
S. Tarawneh

For The Romanian Delegation

Gheorghe Gatin

G. Gatin

MINUTES

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Done in Amman on October 2 , 1983.

For The Jordanian Delegation

Salman Tarawneh

S. Tarawneh

For The Romanian Delegation

Gheorghe Gatin

G. Gatin

C O N V E N T I O N

between the Government of the Socialist Republic of Romania and the Government of the Hashemite Kingdom of Jordan for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital

The Government of the Socialist Republic of Romania and the Government of the Hashemite Kingdom of Jordan desiring to conclude a convention for the avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income and capital on the basis of national sovereignty and respect of independence, equality in rights, mutual interests and non-interference in domestic matters, with a view to promote and strengthen the economic and cultural relations between the two countries, have agreed as follows:

Article 1

PERSONAL SCOPE

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

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Ch. K. Ali

Article 2

TAXES COVERED

1. This Convention shall apply to taxes on income and on capital imposed on behalf of each Contracting State or of its territorial-administrative units or local authorities, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income and on capital all taxes imposed on total income, on total capital, or on elements of income or of capital, including taxes on gains from the alienation of movable or immovable property, as well as taxes on capital appreciation.

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

a) In the case of Romania:

- i) tax on incomes derived in Romania by individuals and corporate bodies;
- ii) tax on the profits of joint companies constituted in Romania with the participation of some Romanian economic organisations and some foreign partners;
- iii) tax on income realised in Romania from agricultural activities.

(hereinafter referred to as "Romanian tax").

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b) In the case of Jordan :
income tax

(hereinafter referred to as "Jordanian tax").

4. The convention shall also apply to any identical or substantially similar taxes which are imposed in addition to, or in place of the existing taxes, after the entering into force of this Convention. The competent authorities of the Contracting States shall notify to each other any substantial changes which have been made in their respective taxation laws, related to this Convention.

S. Tarawneh

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Article 3

GENERAL DEFINITIONS

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

a) The terms "a Contracting State" and "the other Contracting State" mean, as the context requires, Romania or Jordan;

b) The term "Romania" means the territory of the Socialist Republic of Romania, including the territorial sea and the continental shelf as well as any other areas beyond the territorial sea of Romania where Romania exercises sovereign rights, in accordance with the international law and with its own law concerning the exploration and exploitation of the natural biological and mineral resources existing in the sea waters, sea bed and subsoil of these waters;

c) The term "Jordan" means the territory of the Hashemite Kingdom of Jordan, including the territorial sea and the continental shelf as well as any other areas beyond the territorial sea of Jordan where Jordan exercises sovereign rights, in accordance with the international law and with its own law concerning the exploration and exploitation of the natural, biological and mineral resources existing in the sea waters, sea bed and subsoil of these waters;

d) The term "person" comprises an individual, a company and any other body of persons;

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e) The term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes, including a joint company which is incorporated under the laws of the Contracting States;

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 "Competent authority" means:

(1) In the case of Romania the Minister of Finance or his authorized representative;

(2) In the case of Jordan the Minister of Finance or his authorized representative.

h) The term "nationals" means all individuals having the citizenship of a Contracting State and all legal persons or other entities created under the law in force in a Contracting State;

i) The term "international traffic" means any transport by a ship, aircraft, railway or road vehicle operated by an enterprise which has its place of effective management in a Contracting State, except when such transport is made solely between places in the other Contracting State;

2) As regards the application of the Convention by a Contracting State any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of this Convention.

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Article 4

FISCAL DOMICILE

1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the law of the State, is liable to taxation therein by reason of his domicile, residence, place of management or any other criterion of a similar nature.

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 in accordance with the following rules:

(a) he shall be deemed to be a resident of the Contracting State in which he has a permanent home available to him. If he has a permanent home available to him in both Contracting States, he shall be deemed to be a resident of the Contracting State with which his personal and economic relations are closest (centre of vital interests);

(b) if the Contracting 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 Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;

(c) if he has an habitual abode in both Contracting States or in neither of them, he shall be deemed to be a resident of the Contracting State of which he is a national;

(d) if he is a national of both Contracting States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

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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 Contracting State in which its place of effective management is situated.

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Article 5

PERMANENT ESTABLISHMENT

1. For the purposes of this Convention the term "permanent establishment" means a fixed place of business through which the business of the enterprise is wholly or partly carried on.

2. The term "permanent establishment" shall include especially:

- a) a place of management,
- b) a branch,
- c) an office,
- d) a factory,
- e) a workshop,
- f) a mine, quarry or other place of extraction of natural resources;
- g) a building site or construction or assembly project which exists for more than seven months.

3. The term "permanent establishment" shall not be deemed to include:

- a) the use of facilities solely for the purpose of storage, display or delivery pursuant to a sale contract of goods or merchandise belonging to the enterprise of any Contracting State;
- b) the maintenance of a stock of goods or merchandise belonging to the enterprise of any Contracting State, solely for the purpose of storage, display or delivery;
- c) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise of any Contracting State;
- d) 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 of any Contracting State;
- e) the maintenance of goods or merchandise belonging to the enterprise of any Contracting State, solely for the purpose of processing by another enterprise of that State;
- f) the selling of goods or merchandise belonging to the enterprise in the frame of an occasional temporary fair or exhibition in the process of closing down of such fair or exhibition.

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4. A person acting in a Contracting State on behalf of an enterprise of the other Contracting State - other than an agent of an independent status to whom paragraph 5 applies - shall be deemed to be a permanent establishment in the first-mentioned State if he has and habitually exercises in that State an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise.

5. 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, where such persons are acting in the ordinary course of their business.

6. 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.

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Article 6

INCOME FROM IMMOVABLE PROPERTY

1. Income from immovable property shall be taxed in the Contracting State in which such property is situated.

2. The term "immovable property" shall be defined in accordance with 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 the 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 in the sense of the hereby article.

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 income from immovable property of an enterprise and to income from immovable property used for the performance of professional services.

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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, through a permanent establishment, 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. 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 the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere, insofar as they are reasonably allocable 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

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enterprise to its various parts, nothing in paragraph 2 of this Article 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 embodied 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 Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

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Article 8

INTERNATIONAL TRANSPORT

1. Profits from the operation of ships, aircraft, railway or road vehicles in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

2. If the place of effective management of a shipping enterprise is aboard a ship, then it shall be deemed to be situated in the Contracting State in which the home harbour of the ship is situated or, if there is no such home harbour, in the Contracting State of which the operator of the ship is a resident.

3. The provisions of paragraph 1 shall also apply to profits derived from the participation by enterprises of the Contracting States in a pool, a joint business or in an international operating agency.

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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.

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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 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 the tax so charged shall not exceed (15) per cent of the gross amount of the dividends. S.T.

This paragraph 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, as well as income from other corporate rights assimilated to income from shares by the taxation law of the State of which the company making the distribution is a resident. In this context, the profits distributed by Romanian joint companies to the capital subscribers are assimilated to dividends.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the dividends, being a resident of a Contracting State, has in the other Contracting State, of which the company paying the dividends is a resident, a permanent establishment with which the holding by virtue of which the dividends are paid is effectively connected. In such a case the provisions of Article 7 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 ~~Contracting~~ State may not impose any tax on the dividends paid by the company to persons who are not residents of that other

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State, or subject the company's undistributed profits to a tax on undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits, or income arising in such other State.

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4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the interests, being a resident of a Contracting State, has in the other Contracting State in which the interests arise a permanent establishment with which the debt-claim from which the interest arises is effectively connected. In such a case the provisions of Article 7 shall apply.

5. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a territorial administrative unit, a local 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 in connection with which the ~~xxx~~ indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

6. Where, owing a special relationship between the payer and the recipient or between both of them and some other person, the amount of 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 recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

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Article 11

INTERESTS

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

b.b. 2. However, such interests may be taxed in the Contracting State in which it arises and according to the law of that State, but the tax so charged shall not exceed 12,5 per cent of the gross S.T. amount of the interest.

3. The term ' interest ' as used in this Article means income from Government securities, bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, and debt - claims of every kind as well as all other income assimilated to income from money lent by the taxation law of the State in which the income arises. Penalty charges for late payment shall not be regarded as interest for the purposes of this Article.

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Article 12

COMMISSION

1. Commission 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 commission may be taxed in the Contracting State in which it arises and according to the law of that State, but the tax so charged shall not exceed (15) per cent of the gross amount of the commission. 87

3. The term "commission" as used in this Article means a payment made to a broker, a general commission agent or to any other person assimilated to such a broker or agent by the taxation law of the Contracting State in which such payment arises.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the commission being a resident of a Contracting State has in the other Contracting State in which the commission arises a permanent establishment or performs in that other State professional services through a fixed base situated therein and the earning of commission is effectively connected with such permanent establishment or fixed base. In such a case provisions of Article 7 or Article 15, as the case may be, shall apply.

5. Commission shall be deemed to arise in a Contracting State when the payer is that State itself, a territorial administrative unit, a local authority or a resident of that State. Where, however, the person paying the commission, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the liability to pay the commission was incurred, and such commission is borne by such permanent establishment, then such commission shall be deemed to arise in the

Contracting State in which the permanent establishment is situated.

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Article 13

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 be taxed in the Contracting State in which they arise and according to the law of that State, but the tax so charged shall not exceed (15) per cent of the gross amount of the royalties.

3. The term "royalties" as used in this Article means payments of any kind received as consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including copyright of motion picture films or films or tapes used for radio or television broadcasting, any patent, trade marks or other like property or rights, 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 not apply if the recipient of the royalties, being a resident of a Contracting State, has in the other Contracting State in which the royalties arise, a permanent establishment or performs in that other State professional services from a fixed base situated therein. In such a case, the provisions of Article 7 or Article 15, as the case may be shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a territorial administrative unit, a local authority or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of the Contracting State or not, has in the other Contracting State a

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permanent establishment with which the right or property giving rise to the royalties is effectively connected, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

6. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the royalties paid, 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 recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

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Article 14
CAPITAL GAINS

1. Gains from the alienation of immovable property, as defined in paragraph 2 of Article 6, may be taxed in the Contracting State in which such property is situated.

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 professional services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base, may be taxed in the other State. However, gains from the alienation of ships, aircrafts, railway and road vehicles operated in international traffic and movable property pertaining to the operation of such ships and aircraft shall be taxable only in the Contracting State where, pursuant to the provisions of Article 8, profits from such activities are taxable.

3. Gains from the alienation of any property other than those mentioned in paragraphs 1 and 2, shall be taxable only in the Contracting State of which the alienator is a resident.

4. Notwithstanding the provisions of paragraph 3, shall not be affected the right of either of the Contracting State to levy, according to its own law, a tax on gains from the alienation of shares, jouissance shares, or jouissance or ~~in~~ other rights in a limited by shares company or in a limited liability company which is a resident of that Contracting State, where such gains are realized by an individual who is a resident of the other Contract-

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ing State and who has been a resident of the first-mentioned Contracting State during a certain period within five years immediately preceding the alienation.

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Article 15

INDEPENDENT PERSONAL SERVICES

1. Income derived by a resident of a Contracting State in respect of professional services or other independent activities of a similar character shall be taxable only in that State unless, for the purpose of performing his activities, he has a fixed base regularly available to him in the other Contracting State.

If he has such a fixed base, the income may be taxed in the other Contracting State but only so much of it as is attributable to that fixed base.

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 as an independent ~~activity~~ activity.

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Article 16

DEPENDENT PERSONAL SERVICES

1. Except as provided in Articles 17, 19, 20, 21, and 22 salaries 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 exercised in the other Contracting State, the remunerations derived for this activity are taxable 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 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 in respect of an employment exercised aboard a ship, aircraft, railway or road vehicle in international traffic may be taxed in the Contracting State in which the place of effective management of the enterprise is situated.

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Article 17

DIRECTORS' FEES

Directors' fees and 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.

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Article 18

ARTISTES AND ATHLETES

1. Notwithstanding the provisions of Articles 15 and 16 income derived by public entertainers, such as theatre, motion picture, radio or television artists, and musicians, and by athletes, from their personal activities as such may be taxed in the Contracting State in which those activities are exercised.

2. Where income in respect of the personal activities as such of an artiste or athlete accrues not to that artiste or athlete himself but to another person that income may, notwithstanding the provisions of Articles 7, 15 and 16, be taxed in the Contracting State in which the activities of the artiste or athlete are exercised.

3. Income derived from such activities performed within the frame-work of cultural agreements concluded between the Contracting States, are reciprocally exempted from taxes.

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Article 19

PENSIONS

1. Pensions (other than pensions; the taxation of which is governed by the provisions of paragraph 1 and 2 of Article 20, and other similar remuneration paid to a resident of a Contracting State in consideration of past employment, and any annuity paid to such a resident shall be taxable only in that State.

2. Notwithstanding the provisions of paragraph 1, social security contributions arising in a Contracting State according to the legislation of that State and paid to a resident of the other Contracting State, may be taxed in the first-mentioned State.

3. Notwithstanding the provisions of paragraph 1, of this Article, a resident of one State who receives child support payments (maintenance) from a resident of the other Contracting State shall be exempt from tax on such payments in both Contracting States.

The term "child support payments" as used in this Article, means periodic payments for the support of a minor made pursuant to a decree of divorce, separate maintenance agreement or support or separation agreement.

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

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Article 20

GOVERNMENT SERVICE

1. (a) Remuneration, other than a pension, paid by a Contracting State or a territorial administrative unit or a local authority thereof to any individual in respect of services rendered to that State or territorial administrative unit or local authority thereof 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 recipient is a resident of that other Contracting State who:

- (i) is a national of that State; or
- (ii) did not become a resident of that State solely for the purpose of performing the services.

2. (a) Any pension paid by, or out of funds created by, a Contracting State or a territorial administrative unit or a local authority thereof to any individual in respect of services rendered to that State or unit or local authority thereof shall be taxable only in that State.

(b) However, such pension shall be taxable only in the other Contracting State if the recipient is a national of and a resident of that State.

3. The provisions of Articles 16, 17 and 19 shall apply to remunerations and pensions in respect of services rendered in connection with any business carried on by a Contracting State or a territorial administrative unit or a local authority thereof.

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Article 21

TEACHERS

1. A professor, or teacher or other members of a teaching staff resident of a Contracting State who are teaching at a university or at any other accredited educational institution of the other Contracting State shall be taxable only in that first Contracting State on all remuneration received in respect of that activity for a period not exceeding two years from the beginning of their activity.

2. The provisions of paragraph 1 shall also apply to remuneration received by an individual resident of a Contracting State for conducting research in the other Contracting State, if such research is not undertaken primarily for the private benefit of a specific enterprise or person.

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Article 22

STUDENTS

1. Payments which a student, a business apprentice, a trainee or a person sent to acquire special technical, professional or business experience 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 Contracting State solely for the purpose of his education, training or scholarship shall not be taxed in the first-mentioned State, provided that such payments are made to him from outside that State.

2. The same exemption shall apply to income derived by the above mentioned person from an employment which he exercises in that first mentioned Contracting State in order to supplement his means for maintenance, education, training, and other expenses for specialization, for a period limited to those studies provided for the annual income shall not exceed (2000 US dollars) or the equivalent in national currency.

B.T.

b.b.

Article 23

TAXATION OF CAPITAL

1. Capital represented by immovable property, as defined in paragraph 2 of Article 6 may be taxed in the Contracting State in which such property is situated.

2. Capital represented by movable property forming part of the business property of a permanent establishment of an enterprise or by movable property pertaining to a fixed base used for the performance of professional services may be taxed in the Contracting State in which the permanent establishment or fixed base is situated.

3. Ships, aircraft, railway and road vehicles operating in international traffic, and movable property pertaining to the operation of such means of transport, shall be taxable only in the State which according to Article 8 has the right to tax profits derived from such operations.

S.T.

b.b.

Article 24

INCOME NOT EXPRESSLY MENTIONED

Items of income not dealt with in the foregoing Articles of this Convention shall be taxed only in the State where the income arises.

*S.T.**h.h.*

Article 25

ELIMINATION OF DOUBLE TAXATION

Double taxation shall be avoided as follows:

1. In the case of Romania, taxes paid in Jordan by Romanian residents on incomes derived or capital owned which in accordance with the provisions of this Convention may be taxed in Jordan shall be deducted from the taxes owed to the Romanian State.

Profits paid by the Romanian State enterprises to the State budget, after payment of the Jordanian tax, shall be deemed as a tax of Romania.

2. In the case of Jordan, taxes paid in Romania by Jordanian residents on incomes derived or capital owned which in accordance with the provisions of this Convention may be taxed in Romania shall be deducted from such income or capital for the purpose of taxing them in Jordan.

B.T.

l.h.

Article 26

NON-DISCRIMINATION

1. The nationals of a Contracting State, whether or not resident of the mentioned Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, ~~which~~ 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 taxation of 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. 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 Contracting 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 that first-mentioned State are or may be subjected.

4. In this Article the term "taxation" means taxes covered by this Convention.

S. T.

h. h.

37

Article 27

ASSISTANCE IN COLLECTION

1. Each of the Contracting State shall endeavour to collect on behalf of the other Contracting State such taxes imposed by that other Contracting State.

2. In no case shall this Article be construed so as to impose upon a Contracting State the obligations to carry out measures at variance with the laws or administrative practices of either Contracting State with respect to the collection of its own taxes.

S.T.

b.b.

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Article 28

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 this Convention, he may, notwithstanding the remedies provided by the national laws of those States, present his case to the competent authority of the Contracting State of which he is a resident.

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 not in accordance with the Convention.

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

4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in view of application of the provisions of the hereby Convention. 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.

h.h.

S.T.

5. The competent authorities of the Contracting State shall consult together, if the modifications brought to their fiscal law demand the amendment of the convention.

S.T.

b.b.

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Article 29

EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange information of fiscal nature which they usually have, as is necessary for the carrying out of this Convention and of the domestic laws of the Contracting States concerning taxes covered by this Convention insofar as the taxation thereunder is in accordance with this Convention.

Any information so exchanged shall be treated as secret and shall not be disclosed to any persons or authorities other than those concerned with the assessment or collection of the taxes which are the subject of the Convention.

2. In no case shall the provision of paragraph 1 be construed so as to impose on one of the Contracting States the obligation:

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

(b) to supply informations 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.

S.T. h.h.

Article 30

DIPLOMATIC AND CONSULAR OFFICIALS

1. Nothing in this Convention shall affect the fiscal privileges of diplomatic or consular officials, as well as of other representative offices opened by a State on the territory of the other Contracting State, either on the basis of the general rules of the international law or by virtue of conventions in which the two Contracting States are parties.

2. The Convention shall not apply to international organizations, to the organs or officials thereof or to persons who are members of a diplomatic or consular mission of a third State if they are present in the territory of a Contracting State and are not treated as residents in either Contracting State for the purpose of taxes on income and capital.

J.T

h.h.

Article 31

ENTRY INTO FORCE

1. This Convention shall be approved in accordance with the constitutional provisions in force in each of the two States and shall enter into force on the 30th day upon the exchange of notes indicating that both Parties have complied with these provisions.

2. This Convention shall be applicable in both Contracting States regarding income for any taxable year beginning on the first day of January following the calendar year in which this Convention enters into force.

S.T.

b. b.

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Article 32

TERMINATION

The hereby Convention shall remain in force indefinitely. Either Contracting State may denounce the Convention up to the 30th June of each calendar year, starting from the 5th year following that in which the Convention entered into force, by giving notice of termination through diplomatic channels; in such cases the application of the hereby Convention ends the 31st December of the year in which termination was noticed.

In witness whereof the undersigned, authorized in good and due form by their Governments have signed the hereby Convention.

Drawn at Amman

on October 2, 1983

in three original copies, each in the Romanian, Arabic and English languages, the three textes being equally authentic. In the case there is any divergence of interpretation of the provisions of this Convention the English text shall prevail.

S. T.
For the Government
Of the Hashemite
Kingdom of Jordan

L. G.
For the Government
Of the Socialist
Republic of Romania