

Double Taxation Avoidance Agreement between Philippines and Singapore

Completed on August 1, 1977

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**CONVENTION BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE AND
THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES
FOR THE AVOIDANCE OF DOUBLE TAXATION AND
THE PREVENTION OF FISCAL EVASION
WITH RESPECT TO TAXES ON INCOME**

Date of Conclusion: 1 August 1977.

Entry into Force: 18 November 1977.

Effective Date: 1 January 1977.

The Government of the Republic of Singapore and the Government of the Republic of the Philippines,

Desiring to conclude a Convention 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 Convention shall apply to persons who are residents of one or both of the Contracting States.

ARTICLE 2 - TAXES COVERED

1. This Convention shall apply to taxes on income imposed on behalf of each Contracting State, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income all taxes imposed on total income or on elements of income, including taxes on gains from the alienation of movable or immovable property and taxes on the total amounts of wages or salaries paid by enterprises.

3. The existing taxes to which the Convention 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 the Philippines:

the income taxes imposed by the Government of the Republic of the Philippines,

(hereinafter referred to as "Philippine tax").

4. The Convention shall apply also to any identical or substantially similar taxes on income which are imposed after the date of signature of this Convention in addition to, or in place of, the existing taxes. The Competent Authorities of the Contracting States shall notify each other of the changes which have been made to their respective taxation laws.

5. The Competent Authorities of the Contracting States shall notify each other of the publication by their respective Contracting States of any material concerning the application of this Convention, whether in the form of regulations, ruling, or judicial decisions by transmitting the texts of any such materials at least once a year.

6. If by reason of changes made in the taxation law of either Contracting State, it seems desirable to amend any article of this Convention without affecting the general principles thereof the necessary amendments may be made by mutual consent by means of an exchange of diplomatic notes or in any other manner in accordance with their constitutional procedures.

ARTICLE 3 - GENERAL DEFINITIONS

1. In this Convention, unless the context otherwise requires -

(a)

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

(ii) the term "Philippines" means the Republic of the Philippines and when used in a geographical sense means the national territory comprising the Republic of the Philippines;

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

(c) the term "person" includes an individual, an estate, a trust, 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 Contracting State;

(f) the term "competent authority" means:

(i) in the case of Singapore, the Minister for Finance or his authorized representative;

- (ii) in the case of the Philippines, the Secretary of Finance or his authorized representative;
- (g) the term "tax" means Singapore tax or Philippine tax as the context requires;
- (h) the term "national" means:
 - (i) any individual possessing the citizenship of a Contracting State;
 - (ii) any legal person, partnership and association created, organized or incorporated under the laws of a Contracting State.
- (i) the term "international traffic" means any transport internationally by ship or aircraft operated by an enterprise of either Contracting State but does not include the operation of such transport solely between places within a 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 the Convention.

ARTICLE 4 - FISCAL DOMICILE

1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who is resident in a Contracting State for tax purposes of that Contracting 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 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 (hereinafter referred to as his "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, the competent authorities of the two 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, he shall be deemed to be a resident of the Contracting State in which its place of effective management is situated. If its place of effective management cannot be determined, the competent authorities of the Contracting States shall settle the question by mutual agreement.

ARTICLE 5 - PERMANENT ESTABLISHMENT

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

2. The term "permanent establishment" includes specially but is not limited to:

- (a) A seat of management;
- (b) A branch;
- (c) An office;
- (d) A store or other sales outlet;
- (e) A factory;
- (f) A workshop;
- (g) A warehouse, in relation to a person providing storage facilities for others;
- (h) A mine, quarry, or other place of extraction of natural resources;
- (i) A building site or construction or assembly project or installation project or supervisory activities in connection therewith, provided such site, project or activity continues for a period more than 183 days; and
- (j) The furnishing of services, including consultancy services, by a resident of one of the Contracting States through employees or other personnel, provided activities of that nature continue (for the same or a connected project) within the other Contracting State for a period or periods aggregating more than 183 days.

3. Notwithstanding paragraphs 1, 2 and 4, a permanent establishment shall be deemed not to include -

- (a) the use of facilities solely for the purpose of storage, display or occasional delivery of goods or merchandise belonging to the enterprise;
- (b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or occasional delivery;
- (c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
- (d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for 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.

4. A person acting in one of the Contracting States 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 Contracting State if -

- (a) he has, and habitually exercises in the first-mentioned Contracting State, an authority to conclude contracts in the name of that enterprise unless the exercise of such authority is limited to the purchase of goods or merchandise for that enterprise; or
- (b) he 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.

5. An enterprise of one of the Contracting States shall not be deemed to have a permanent establishment in the other Contracting State merely because that enterprise carries on business in that other Contracting State through a broker, general commission agent, or any other agent of an independent status, where such broker or agent is acting in the ordinary course of his business. However, when the activities of such an agent are devoted wholly or almost wholly on behalf of that enterprise, he shall not be considered an agent of independent status within the meaning of this paragraph if the transactions between the agent and the enterprise were not made under arm's length conditions.

6. Except with respect to reinsurance, an enterprise of a Contracting State shall be deemed to have a permanent establishment in the other Contracting State if it collects premiums in that other State, or insures risks situated therein, through an employee or representative situated therein who is not an agent of independent status to whom paragraph 5 applies.

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 for either company a permanent establishment of the other.

ARTICLE 6 - INCOME FROM IMMOVABLE PROPERTY

1. Income from immovable property including income from agriculture or forestry may be taxed in the Contracting State in which such property is situated.

2. For the purpose of this Convention, 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 general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships, boats and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property and to profits from the alienation of such 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 or has carried 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 be attributed to that permanent establishment 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.

However, 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 this paragraph 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.

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 included in the State in which the permanent establishment is situated or elsewhere.

4. Notwithstanding the provisions of paragraph 3, no deduction shall be allowed in respect of amounts paid or charged (other than reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of -

- (a) royalties, fees or other similar payments in return for the use of patents or other rights;
- (b) commission for specific services performed or for management; and
- (c) interest on money lent to the permanent establishment, except in the case of banking institution.

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. 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.

ARTICLE 8 - SHIPPING AND AIR TRANSPORT

1. Profits from sources within a Contracting State derived by an enterprise of the other Contracting State from the operation of ships or aircraft in international traffic may be taxed in the first-mentioned State but the tax so charged shall not exceed whichever is the lesser of either -

- (a) one and one-half percent of the gross revenues derived from sources in that State; or
- (b) the lowest rate of Philippine tax that may be imposed on profits of the same kind derived under similar circumstances by a resident of a third State.

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

ARTICLE 9 - ASSOCIATED ENTERPRISES

1. 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.

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

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 if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed -

- (a) 15 percent of the gross amount of the dividends if the recipient is a company (including partnership) and during the part of the paying company's taxable year which precedes the date of payment of the dividend and during the whole of its prior taxable year (if any), at least 15 percent of the outstanding shares of the voting stock of the paying company was owned by the recipient company; and
- (b) in all other cases 25 percent of the gross amounts of the dividends.

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

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

4. The term "dividends" as used in this Article means income from shares, "jouissance" shares or "jouissance" rights, mining shares, founders' shares or other rights, not being debt-claims, participating in profits, as well as income assimilated to income from shares by the taxation law of the State of which the company making the distribution is a resident.

5. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the dividends, being a resident of a Contracting State, carries on in the other Contracting State of which the company paying the dividends is a resident, trade or business through a permanent establishment situated therein, or performs in that other State professional services from a fixed base situated therein, and the holding by virtue of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such a case, the provisions of Article 7 or Article 14, as the case may be, shall apply.

6. Where a company which is a resident of a Contracting State derived profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company to persons who are resident of that State, 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 undistributed profits consist wholly or partly of profits or income arising in such other State.

ARTICLE 11 - INTEREST

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

2. However, such interest may be taxed in the Contracting State in which it arises, and according to the law of that State, but if the recipient is the beneficial owner of the interest the tax so charged shall not exceed 15 percent 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, as well as income assimilated to income from money lent by the taxation law of

the State in which the income arises, including interest on deferred payment sales. Penalty charges for late payment shall not be regarded as interest for purposes of this Article.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the interest, being a resident of a Contracting State, carries on in the other Contracting State in which the interest arises a trade or business through a permanent establishment situated therein, or performs in that other State professional 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 a case, the provisions of Article 7 or Article 14, 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 sub-division, a local authority, a 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 that interest is borne by that permanent establishment or fixed base, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base 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 interest paid, 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.

7. Notwithstanding the provisions of paragraph 2 -

(a) interest arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other Contracting State if it is paid in respect of a loan made, guaranteed or insured, or a credit extended, guaranteed or insured, by such institutions as are specified and agreed in letters exchanged between the competent authorities of the Contracting State; and

(b) the Philippine tax on interest arising in the Philippines in respect of public issues of bonds, debentures or similar obligations and paid by a company which is a resident of the Philippines to a resident of Singapore shall not exceed 10 percent of the gross amount of the interest.

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 law of that State, but, if the recipient is the beneficial owner of the royalties, the tax so charged shall not exceed -

(a) in the case of the Philippines, 15 percent of the gross amount of the royalties, where the royalties are paid by an enterprise registered with the Philippine Board of Investments and engaged in preferred areas of activities and also

royalties in respect of cinematographic films or tapes for television or broadcasting;

(b) in the case of Singapore, where the royalties are approved under the Economic Expansion Incentives (Relief from Income Tax) Act of Singapore, the royalties shall be exempt;

(c) in all other cases, 25 percent of the gross amount of the royalties.

3. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work, including cinematographic films or tapes for television or broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.

4. The provisions of paragraphs 1 and 2 of this Article shall not apply if the recipient of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise through a permanent establishment situated therein, or performs in that other State professional 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 a case, the provisions of Article 7 or Article 14 of this Agreement, 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 political sub-division, a local authority, a 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 in connection with which the contract under which the royalties are paid was concluded, 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 Agreement.

ARTICLE 13 - GAINS FROM THE ALIENATION OF PROPERTY

1. Gains from the alienation of immovable property 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 permanent establishment (alone or together with the whole enterprise) or of such a fixed base may be taxed in the other State. However, gains derived by an enterprise of a Contracting State from the alienation of ships and aircraft operated in international traffic and movable property pertaining to the operation of such ships or aircraft, shall be taxable only in that State.

3. Gains from the alienation of shares of a company, the property of which consists principally of immovable property situated in a Contracting State, may be taxed in that State. Gains from the alienation of an interest in a partnership or a trust, the property of which consists principally of immovable property situated in a Contracting State, may be taxed in that State.

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

ARTICLE 14 - PERSONAL SERVICES

1. Subject to the provisions of Articles 15, 17, 18 and 19, salaries, wages and other similar remuneration or income for personal (including professional) services derived by a resident of a Contracting State, shall be taxable only in that Contracting State, unless the services are performed in the other Contracting State. If the services are so performed, such remuneration or income as is derived therefrom may be taxed in that other Contracting State.

2. Notwithstanding the provisions of paragraph 1, remuneration or income derived by a resident of a Contracting State for personal (including professional) services performed in the other Contracting State shall be taxable only in the first-mentioned Contracting State if -

- (a) the recipient is present in the other Contracting State for a period or periods not exceeding in the aggregate 90 days in the case of professional services and 183 days in other cases, in the calendar year concerned; and
- (b) the remuneration or income is paid by, or on behalf of, a person who is a resident of the first-mentioned Contracting State; and
- (c) the remuneration or income is not borne directly by a permanent establishment which that person has in the other Contracting State.

3. The term "professional services" includes independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

4. Notwithstanding the preceding provisions of this Article, remuneration in respect of employment as a member of the regular crew or complement of a ship or aircraft operated in international traffic by an enterprise of a Contracting State shall be taxable only in that State.

ARTICLE 15 - DIRECTORS' FEES

1. Director's 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.

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 14.

ARTICLE 16 - ARTISTES AND ATHLETES

1. Notwithstanding the provisions of Articles 7 and 14, income derived by entertainers such as theatre, motion picture, radio or television artistes, and musicians, and by athletes, from their personal activities as such may be taxed in the Contracting State in which these activities are performed.

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

3. The provisions of paragraph 1 shall not apply to income derived from activities performed in a Contracting State by entertainers and athletes if the visit to that Contracting State is substantially supported by public funds of the other Contracting State, including any political sub-division, local authority or statutory body thereof, nor to income derived by entertainers and athletes in respect of such activities performed for a non-profit and cultural organization no part of the income of which was payable to, or was otherwise available for the personal benefit of, any proprietor, member or shareholder thereof if the organization is certified as qualifying under the provision by the competent authority of the other Contracting State.

4. Notwithstanding the provisions of Article 7, where the activities mentioned in paragraph 1 of this Article 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 sub-division, local authority or statutory body thereof, in connection with the provisions of such activities, or unless the enterprise is a non-profit cultural organization referred to in paragraph 3.

ARTICLE 17 - PENSIONS

1. Subject to the provisions of paragraph 1 of Article 18, pensions and other similar remuneration for past employment arising in a Contracting State shall be taxable only in that State.

2. The term "pensions" as used in this Article means periodic payments made in consideration for past services rendered.

ARTICLE 18 - GOVERNMENTAL FUNCTIONS

1. Remuneration including pensions paid by or out of public funds of a Contracting State or a political sub-division or local authority or statutory authority thereof to -

- (a) a citizen of that State;
- (b) an individual who is not citizen of the other Contracting State and goes to the other State solely for the purpose of being engaged by the first-mentioned State,

for services rendered to that State in the discharge of functions of a governmental nature shall be exempt from tax in the other State.

2. The provisions of paragraph 1 shall not apply to remuneration including pension paid in respect of services rendered in connection with any trade or business carried on by a Contracting State or a political sub-division or local authority or statutory authority thereof.

ARTICLE 19 - STUDENTS AND TRAINEES

1. An individual who was a resident of a Contracting State immediately before visiting the other Contracting State and is temporarily present in that other Contracting State solely -

- (a) as a student at a University, College or School in that other Contracting State,
- (b) as a recipient of a grant, allowance or award from a Government or scientific, educational, religious or charitable organization for the primary purpose of study, research or training, or
- (c) as a business apprentice,

shall be exempt from tax of that other Contracting State in respect of -

- (i) all remittances from abroad for purposes of his maintenance, education, study, research or training,
- (ii) the grant, allowance or award, and
- (iii) any remuneration for personal services rendered in that other Contracting State not exceeding the sum of three thousand and six hundred Singapore dollars or its equivalent in Philippine currency in any calendar year with a view to supplementing the resources available to him for such purposes.

2. An individual, who was a resident of a Contracting State immediately before visiting the other Contracting State and is temporarily present in that other Contracting State solely as a trainee for the purpose of acquiring technical, professional or business experience, shall for a period not exceeding two years from the date of his first arrival in that other Contracting State in connection with that visit be exempt from tax in that other Contracting State in respect of -

- (a) all remittances from abroad for the purposes of his maintenance or training, and
- (b) any remuneration for personal services rendered in that other Contracting State not exceeding the sum of twelve thousand Singapore dollars or its equivalent in Philippine currency in any calendar year during that visit provided such services are in connection with his training or incidental thereto.

3. The benefits of paragraphs 1 and 2 of this Article shall not be concurrently cumulative.

ARTICLE 20 - TEACHERS AND RESEARCHERS

1. An individual who is a resident of a Contracting State immediately before making a visit to the other Contracting State, and who, at the invitation of any university, college, school or other similar educational institution, which is recognized by the competent authority in that other Contracting State, visits that other Contracting State for a period not exceeding two years solely for the purpose of teaching or research or both at such educational institution shall be exempt from tax in that other Contracting State on his remuneration for such teaching or research.
2. This article shall not apply to income from research if such research is undertaken not in the general interest but primarily for the private benefit of a specific person or persons.

ARTICLE 21 - INCOME NOT EXPRESSLY MENTIONED

Items of income not expressly mentioned in the foregoing Articles of this Convention and arising in a Contracting State may be taxed in that State.

ARTICLE 22 - ELIMINATION OF DOUBLE TAXATION

1. Subject to the laws of Singapore regarding the allowance as a credit against Singapore tax of tax payable in any country other than Singapore, Philippine tax payable in respect of income derived from the Philippines shall be allowed as a credit against Singapore tax payable in respect of that income. Where such income is a dividend paid by a company which is a resident of the Philippines to a company which is a resident of Singapore and which owns not less than 15 percent of voting shares of the company paying the dividend, the credit shall take into account the Philippine tax payable by that company in respect of its income. The credit shall not, however, exceed that part of the Singapore tax, as computed before the credit is given, which is appropriate to such item of income.
2. The term "Philippine tax payable" shall be deemed to include the amount of Philippine tax which would have been paid if the Philippine tax had not been exempted or reduced in accordance with this Convention and the special incentive laws designed to promote economic development in the Philippines, effective on the date of signature of this Convention, or which may be introduced in the future in the Philippine taxation laws in modification of, or in addition to, the existing laws.
3. Subject to the laws of the Philippines regarding the allowance as a credit against Philippine tax of tax payable in any country other than the Philippines, Singapore tax payable in respect of income derived from Singapore shall be allowed as a credit against the Philippine tax payable in respect of that income. Where such income is a dividend paid by a company which is a resident of Singapore to a company which is a resident of the Philippines and which owns not less than 15 percent of the voting shares of the company paying the dividend, the credit shall take into account the Singapore tax payable by that company in respect of its income. The credit shall not, however, exceed that part of the Philippine tax, as computed before the credit is given, which is appropriate to such item of income.
4. The term "Singapore tax payable" shall be deemed to include the amount of Singapore tax which would have been paid if the Singapore tax had not been reduced in accordance with this Convention and the special incentive laws designed to promote economic development in Singapore, effective on the date of signature of this Convention, or

which may be introduced in the future in the Singapore taxation laws in modification of, or in addition to, the existing laws.

ARTICLE 23 - NON-DISCRIMINATION

1. The nationals of a Contracting State shall not be subject in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and the connected requirements to which nationals of that other State in the same circumstances are or may be subjected.

2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities.

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

- (a) residents of the other Contracting State any personal allowances, relief and reductions for tax purposes which it grants to its own residents, or
- (b) nationals of the other Contracting State whose personal allowances, reliefs and reductions for tax purposes which it grants to its own citizens 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.

4. 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.

5. Nothing in this Article shall be construed so as to prevent either Contracting State from limiting to its nationals the enjoyment of tax incentives designed to promote economic development in that Contracting State.

6. In this Article, the term "taxation" means taxes which are the subject of this Convention.

ARTICLE 24 - 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, without prejudice to the remedies provided by the national laws of those States, address to the competent authority of the Contracting State of which he is a resident an application in writing stating the grounds for claiming the revision of such taxation. To be admissible, the said application must be submitted within two years from the first notification of the action which gives rise to taxation not in accordance with the Convention.

2. The competent authority referred to in paragraph 1 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. A Contracting State shall not, after the expiry of the time limits provided in its national laws increase the tax base of a resident of either of the Contracting States by including therein items of income which have also been charged to tax in the other Contracting State. This paragraph shall not apply in the case of fraud, wilful default or neglect.

4. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement and difficulties or doubts arising as to the interpretation or application of the Convention. In particular, the competent authorities of the Contracting States may consult together to endeavour to agree -

- (a) on the attribution of profits to a resident of a Contracting State and its permanent establishment situated in the other Contracting State;
- (b) on the allocation of income between a resident of a Contracting State and any associated person provided for in Article 9.

5. Nothing in this Convention shall be construed as preventing the Philippines from taxing its citizens in accordance with its domestic legislation.

6. The competent authorities of the Contracting States may consult together for the elimination of double taxation and the prevention of fiscal evasion in cases not provided for in the Convention.

ARTICLE 25 - EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information 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, or for the prevention of fraud or fiscal evasion in relation to such taxes. 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 this Convention.

2. In no case shall the provisions 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 particulars which are 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.

ARTICLE 26 - DIPLOMATIC AND CONSULAR OFFICERS

Nothing in this Convention shall affect the fiscal privileges of diplomatic and consular officials under the general rules of international law or under the provisions of special agreements.

ARTICLE 27 - ENTRY INTO FORCE

1. This Convention shall be ratified and the instruments of ratification shall be exchanged at Singapore.
2. This Convention shall enter into force upon the exchange of the instruments of ratification and its provisions shall have effect -
 - (a) in respect of tax withheld or deducted at source on amounts paid to non-residents on or after the first day of January in the calendar year in which the exchange of instruments of ratification takes place; and
 - (b) in respect of other taxes for taxation years or years of assessment beginning on or after the first day of January in the calendar year in which the exchange of instruments of ratification takes place.

ARTICLE 28 - REVISION OR TERMINATION

This Convention shall continue in effect indefinitely but either Contracting State may, on or before June 30 in any calendar year after the year of exchange of the instruments of ratification, give notice of revision or termination to the other Contracting State, and in the event of termination, the Convention shall cease to have effect -

- (a) in respect of tax withheld or deducted at the source on amounts paid to non-residents on or after the first day of January in the calendar year following that in which the notice is given; and
- (b) in respect of other taxes for taxation years or years of assessment beginning on or after the first day of January in the calendar year following that in which the notice is given.

IN WITNESS WHEREOF, the undersigned duly authorized thereto have signed this Convention.

DONE in duplicate at Manila this 1st day of August of the year 1977.

*For the Government of the
Republic of Singapore:*

TAN SIM LIM

*For the Government of the
Republic of the Philippines:*

CESAR VIRATA