

## **CONVENTION**

### **between the Principality of Liechtenstein and the Oriental Republic of Uruguay for the Avoidance of Double Taxation with respect to Taxes on Income and on Capital**

#### **Preamble**

The Principality of Liechtenstein and the Oriental Republic of Uruguay, hereinafter referred to as “Contracting States”, –

whereas the Contracting States recognise that the well-developed economic ties between the Contracting States call for further cooperation;

whereas the Contracting States wish to develop their relationship further by cooperating to their mutual benefits in the field of taxation; and

whereas the Contracting States wish to conclude a Convention for the avoidance of double taxation with respect to taxes on income and on capital –

have agreed as follows:

#### **Article 1**

##### **Persons Covered**

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 and on capital imposed on behalf of a Contracting State or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.

(2) There shall be regarded as taxes on income 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, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.

(3) The existing taxes to which this Convention shall apply are in particular:

- a) in the Principality of Liechtenstein:
  - aa) the personal income tax (Erwerbssteuer);
  - bb) the corporate income tax (Ertragssteuer);

- cc) the corporation taxes (Gesellschaftssteuern);
  - dd) the real estate capital gains tax (Grundstücksgewinnsteuer);
  - ee) the wealth tax (Vermögenssteuer); and
  - ff) the coupon tax (Couponsteuer);
- (hereinafter referred to as “Liechtenstein tax”);

b) in Uruguay :

- aa) the tax on business income (Impuesto a las Rentas de las Actividades Económicas -IRAE- );
  - bb) the personal income tax (Impuesto a las Rentas de las Personas Físicas -IRPF-);
  - cc) the non-residents income tax (Impuesto a las Rentas de los No Residentes -IRNR-);
  - dd) the tax for social security assistance (Impuesto de Asistencia a la Seguridad Social -IASS-); and
  - ee) the capital tax (Impuesto al Patrimonio -IP-);
- (hereinafter referred to as “Uruguayan tax”).

(4) This Convention shall apply also to any identical or substantially similar taxes that 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 any significant changes that have been made in their tax laws.

### **Article 3**

#### **General Definitions**

- (1) For the purposes of this Convention, unless the context otherwise requires:
- a) the terms “a Contracting State” and “the other Contracting State” mean the Principality of Liechtenstein or the Oriental Republic of Uruguay as the context requires;
  - b) the term “Liechtenstein” means the Principality of Liechtenstein, and, when used in a geographical sense, the area in which the tax laws of the Principality of Liechtenstein apply;
  - c) the term “Uruguay” means the Oriental Republic of Uruguay, and, when used in a geographical sense, the area in which the tax laws of Uruguay apply;
  - d) the term “person” includes individuals, companies, trusts, partnerships, investment funds or schemes, pension schemes, dormant inheritances and any other body of persons;
  - e) the term “company” means any body corporate, as well as entities and special asset endowments that are treated as a body corporate for tax purposes;
  - f) the term “enterprise” applies to the carrying on of any business;

- g) 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;
- h) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise that has its place of effective management in a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
- i) the term “competent authority” means:
  - aa) in Liechtenstein: the Government of the Principality Liechtenstein or its authorised representative;
  - bb) in Uruguay, the Minister of Economy and Finance or his authorized representative
- j) the term “national”, in relation to a Contracting State, means:
  - aa) any individual possessing the nationality or citizenship of that Contracting State; and
  - bb) any person other than an individual deriving its status as such from the laws in force in that Contracting State;
- k) the term “business” includes the performance of professional services and of other activities of an independent character.

(2) As regards the application of this Convention at any time by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that State for the purposes of the taxes to which this Convention applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.

#### **Article 4**

##### **Resident**

(1) For the purposes of this Convention, the term “resident of a Contracting State” means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of incorporation or establishment, place of management or any other criterion of a similar nature, and also includes that State and any political subdivision or local authority thereof. This term, however, does not include any person who is liable to tax in that State in respect only of income from sources in that State or capital situated therein.

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

- b) if the State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident only of the State in which he has an habitual abode;
- c) if he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident only of the State of which he is a national;
- d) if he is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

(3) Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident only of the State in which its place of effective management is situated.

## **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 an enterprise is wholly or partly carried on.

(2) The term “permanent establishment” includes especially:

- a) a place of management;
- b) a branch;
- c) an office;
- d) a factory;
- e) a workshop; and
- f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

(3) The term “permanent establishment” also encompasses:

- a) a building site, a construction, assembly or installation project or supervisory activities in connection herewith, but only if such site, project or activities last more than six months;
- b) the furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose, but only if activities of that nature continue (for the same or a connected project) within a Contracting State for a period or periods aggregating more than nine months within any twelve-month period.

(4) Notwithstanding the preceding provisions of this Article, the term “permanent establishment” shall be deemed not to include:

- a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
- b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
- c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
- d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;
- e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;
- f) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs a) to e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

(5) An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that State through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business.

(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.

## **Article 6**

### **Income from Immovable Property**

(1) Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State shall be taxable only in that other State.

(2) The term “immovable property” shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships, boats and aircraft shall not be regarded as immovable property.

(3) The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.

(4) The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise.

## **Article 7**

### **Business Profits**

(1) The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.

(2) Subject to the provisions of paragraphs 3 and 8, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

(3) In determining the profits of a permanent establishment, there shall be allowed as deductions 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.

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

(5) No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

(6) For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

(7) Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

(8) Where, in accordance with paragraph 2, a Contracting Party adjusts the profits that are attributable to a permanent establishment of an enterprise of one of the Contracting Parties and taxes accordingly profits of the enterprise that have been charged to tax in the other Party, the other Party shall, to the extent necessary to eliminate double taxation on these profits, make an appropriate adjustment to the amount of the tax charged on those profits. In determining such adjustment, the competent authorities of the Contracting Parties shall if necessary consult each other.

## **Article 8**

### **Shipping, Inland Waterways Transport and Air Transport**

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

(2) Profits from the operation of boats engaged in inland waterways transport shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

(3) If the place of effective management of a shipping enterprise or of an inland waterways transport enterprise is aboard a ship or boat, then it shall be deemed to be situated in the Contracting State in which the home harbour of the ship or boat is situated, or, if there is no such home harbour, in the Contracting State of which the operator of the ship or boat is a resident.

(4) The provisions of paragraph 1 shall also apply to profits from the participation in a pool, a joint business or 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 a Contracting State includes in the profits of an enterprise of that State – and taxes accordingly – profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Convention and 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 also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed:

- a) 5 per cent of the gross amount of the dividends if the beneficial owner is a person other than an individual which holds directly at least 10 per cent of the capital of the company paying the dividends;
- b) 10 per cent of the gross amount of the dividends in all other cases.

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 or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.

(4) The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment. In such 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 State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment situated in that other State, nor subject the

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

## **Article 11**

### **Interest**

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

(2) However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the interest.

(3) Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State and paid to a resident of the other Contracting State who is the beneficial owner thereof shall be taxable only in that other State to the extent that such interest is paid:

- a) on a loan granted by the Central Bank or any other official entity;
- b) in connection with the sale on credit of any industrial, commercial or scientific equipment; or
- c) on a loan granted by a bank for at least three years for financing investment projects.

(4) The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from Government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. However, the term "interest" shall not include income referred to in Article 10. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.

(5) The provisions of paragraphs 1, 2 and 3 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment . In such case the provisions of Article 7 shall apply.

(6) Interest shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the 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 State in which the permanent establishment is situated.

(7) Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to

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

## **Article 12**

### **Royalties**

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

(2) However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed 10 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 a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films and films or tapes for television or radio 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 information concerning industrial, commercial or scientific experience.

(4) The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise through a permanent establishment situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

(5) Royalties shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where, however, the person paying the royalties, whether a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the obligation to pay the royalties was incurred, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the State in which the permanent establishment is situated.

(6) Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

## **Article 13**

### **Capital Gains**

(1) Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State shall be taxable in that other State.

(2) Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise), may be taxed in that other State.

(3) Gains from the alienation of ships or aircraft operated in international traffic, boats engaged in inland waterways transport or movable property pertaining to the operation of such ships, aircraft or boats, shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

(4) Gains derived by a resident of a Contracting State from the alienation of shares deriving more than 50 per cent of their value directly or indirectly from immovable property situated in the other Contracting State may be taxed in that other State.

(5) Gains from the alienation of any property, other than that referred to in paragraphs 1, 2, 3 and 4, shall be taxable only in the Contracting State of which the alienator is a resident.

#### **Article 14**

##### **Income from Employment**

(1) Subject to the provisions of Articles 15, 17 and 18, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

(2) Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:

- a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in any twelve month period commencing or ending in the fiscal year concerned; and
- b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State; and
- c) the remuneration is not borne by a permanent establishment which the employer has in the other State.

(3) Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic, or aboard a boat engaged in inland waterways transport, may be taxed in the Contracting State in which the place of effective management of the enterprise is situated.

**Article 15****Directors' Fees**

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

**Article 16****Artists and Sportsmen**

(1) Notwithstanding the provisions of Articles 7 and 14, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artist, or a musician, or as a sportsman, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State.

(2) Where income in respect of personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman 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 sportsman are exercised.

**Article 17****Pensions**

(1) Subject to the provisions of paragraph 2 of Article 18, pensions and other similar remuneration (including lump sum payment) paid to a resident of a Contracting State in consideration of past employment may be taxed in that State.

(2) Such pensions and other similar remuneration (including lump sum payment) may also be taxed in the Contracting State in which they arise and according to the laws of that State. However, the tax so charged shall not exceed 10 per cent of the gross amount of the payment.

(3) Pensions and other similar remuneration (including lump sum payment) shall be deemed to arise in a Contracting State to the extent that these contributions, provisions or the pensions or other similar remuneration have given rise in that State to tax deduction, reduction of tax or any other tax relief under the ordinary rules of its tax laws.

**Article 18****Government Service**

(1)

- a) Salaries, wages and other similar remuneration paid by a Contracting State, a political subdivision or a local authority thereof or some other legal entity under public law of that State to an individual in respect of services rendered to that State, subdivision or authority or other legal entity under public law of that State shall be taxable only in that State.
- b) However, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State who:
  - aa) is a national of that State; or
  - bb) did not become a resident of that State solely for the purpose of rendering the services.

(2)

- a) Notwithstanding the provisions of paragraph 1, pensions and other similar remuneration paid by, or out of funds created by, a Contracting State or a political subdivision or a local authority thereof or some other legal entity under public law of that State to an individual in respect of services rendered to that State, subdivision or authority or other legal entity under public law of that State shall be taxable only in that State.
- b) However, such pensions and other similar remuneration shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that State.

(3) The provisions of Articles 14, 15, 16, and 17 shall apply to salaries, wages, pensions, and other similar remuneration in respect of services rendered in connection with a business carried on by a Contracting State, a political subdivision or a local authority thereof or some other legal entity under public law of that State.

**Article 19****Visiting Professors and Teachers**

An individual who visits a Contracting State at the invitation of that State or of a university, college, school, museum or other cultural institution of that State or under an official programme of cultural exchange for a period not exceeding three years solely for the purpose of teaching, giving lectures or carrying out research at such institution and who is, or was immediately before that visit, a resident of the other Contracting State shall be exempt from tax in the first-mentioned State on his remuneration for such activity.

**Article 20****Students**

Payments which a student or business apprentice who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-

mentioned State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that State, provided that such payments arise from sources outside that State.

## **Article 21**

### **Other Income**

(1) Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Convention shall be taxable only in that State.

(2) The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein and the right or property in respect of which the income is paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

## **Article 22**

### **Capital**

(1) Capital represented by immovable property referred to in Article 6, owned by a resident of a Contracting State and situated in the other Contracting State, shall be taxable only in that other State.

(2) Capital represented by 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 may be taxed in that other State.

(3) Capital represented by ships and aircraft operated in international traffic and by boats engaged in inland waterways transport, and by movable property pertaining to the operation of such ships, aircraft and boats, shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

(4) All other elements of capital of a resident of a Contracting State shall be taxable only in that State.

## **Article 23**

### **Elimination of Double Taxation**

(1) Subject to the provisions of the Law of Liechtenstein regarding the elimination of double taxation which shall not affect the general principle hereof, double taxation shall be eliminated as follows:

- a) Where a resident of Liechtenstein derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in Uruguay, Liechtenstein shall, subject to the provisions of subparagraphs b and c, exempt such

income or capital from tax, but may nevertheless, in calculating the amount of tax on the remaining income or capital of such resident, take into account the exempted income or capital.

- b) Where a resident of Liechtenstein derives income which, in accordance with paragraph 2 of Article 10, paragraph 2 of Article 11, paragraph 2 of Article 12, Article 14, Article 16 and paragraph 2 of Article 17 of this Convention, may be taxed in Uruguay, Liechtenstein shall credit against Liechtenstein tax on this income the tax paid in accordance with the law of Uruguay and with the provisions of this Convention. The amount of tax to be credit must not, however, exceed the Liechtenstein tax due on the income derived from Uruguay.
- c) Notwithstanding subparagraph b, income from dividends within the meaning of paragraph 2 subparagraph a and b of Article 10 paid by a company that is a resident of Uruguay to a company that is a resident of Liechtenstein and that are not deductible in determining the profits of the payor, shall not be taxed in Liechtenstein.

(2) Subject to the provisions of the Law of Uruguay regarding the elimination of double taxation which shall not affect the general principle hereof, double taxation shall be eliminated as follows:

- a) Residents in Uruguay, deriving income which has, in accordance with law of Liechtenstein and under the provisions of this Convention, been subject to taxation in Liechtenstein, may credit the tax so paid against any Uruguayan tax payable in respect of the same income, subject to the applicable provisions of the law of Uruguay. The same shall also apply in respect of capital which has, in accordance with law of Liechtenstein and under the provisions of this Convention, been subject to taxation in Liechtenstein; the capital tax so paid may be credited against any Uruguayan tax payable in respect of the same capital, subject to the applicable provisions of the law of Uruguay. Such deduction shall not, however, exceed that part of the Uruguayan tax on income or capital, as computed before the deduction is given.
- b) Where, in accordance with any provision of the Convention, income derived or capital owned by a resident of Uruguay is exempt from tax in Uruguay, Uruguay may nevertheless, in calculating the amount of tax on the remaining income or capital of such resident, take into account the exempted income or capital.

## **Article 24**

### **Non-Discrimination**

(1) Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances, in particular with respect to residence, are or may be subjected. This provision shall, notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the Contracting States.

(2) Stateless persons who are residents of a Contracting State shall not be subjected in either Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of the State concerned in the same circumstances, in particular with respect to residence, are or may be subjected.

(3)

- a) 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. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.
- b) Where a permanent establishment situated in a State receives dividends, interest or royalties arising in the other State corresponding to property or rights effectively connected with that permanent establishment, such income shall be taxable in the other State in accordance with the provisions of paragraph 2 of Article 10, paragraph 2 of Article 11 and paragraph 2 of Article 12. The first-mentioned State shall eliminate double taxation according to the terms set forth in paragraphs 1 and 2 of Article 23. This provision shall apply irrespective of the location of the head office of the enterprise on which the permanent establishment depends.

(4) Except where the provisions of paragraph 1 of Article 9, paragraph 7 of Article 11, or paragraph 6 of Article 12, apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State. Similarly, any debts of an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable capital of such enterprise, be deductible under the same conditions as if they had been contracted to a resident of the first-mentioned State.

(5) Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.

(6) The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description.

## Article 25

### Mutual Agreement Procedure

(1) Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 24, to that of the Contracting State of which he is a national. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of this Convention.

(2) The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with this Convention. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.

(3) The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of this Convention. They may also consult together for the elimination of double taxation in cases not provided for in this Convention. To that regard, it is not necessary to present a case according to paragraph 1.

(4) The competent authorities of the Contracting States may communicate with each other directly, including through a joint commission consisting of themselves or their representatives, for the purpose of reaching an agreement in the sense of the preceding paragraphs.

(5) Where,

- a) under paragraph 1, a person has presented a case to the competent authority of a Contracting State on the basis that the actions of one or both of the Contracting States have resulted for that person in taxation not in accordance with the provisions of this Convention; and
- b) the competent authorities are unable to reach an agreement to resolve that case pursuant to paragraph 2 within two years from the presentation of the case to the competent authority of the other Contracting State;

any unresolved issues arising from the case shall be submitted to arbitration if the person so requests. These unresolved issues shall not, however, be submitted to arbitration if a decision on these issues has already been rendered by a court or administrative tribunal of either State. Unless a person directly affected by the case does not accept the mutual agreement that implements the arbitration decision, that decision shall be binding on both Contracting States and shall be implemented notwithstanding any time limits in the domestic laws of these States. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this paragraph.

## Article 26

### Exchange of Information

(1) The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Convention or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to this Convention. The exchange of information is not restricted by Articles 1 and 2.

(2) Any information received under paragraph 1 by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

(3) In no case shall the provisions of paragraphs 1 and 2 be construed so as to impose on a Contracting State the obligation:

- a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;
- b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;
- c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information the disclosure of which would be contrary to public policy (ordre public).

(4) If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.

(5) In no case shall the provisions of paragraph 3 be construed to permit a Contracting State to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.

**Article 27**

## Members of Diplomatic Missions and Consular Posts

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

**Article 28**

## Protocol

The attached Protocol shall be an integral part of this Convention.

**Article 29**

## Entry into Force

(1) The Contracting States shall notify each other in writing, through diplomatic channels, that the procedures required by its law for the entry into force of this Convention have been satisfied. This Convention shall enter into force on the date of receipt of the last notification.

(2) This Convention shall have effect:

- a) in respect of taxes withheld at source, to income derived on or after 1 January of the calendar year next following the year in which this Convention enters into force;
- b) in respect of other taxes on income and taxes on capital, to taxes chargeable for any taxable year beginning on or after 1 January of the calendar year next following the year in which this Convention enters into force.

**Article 30**

## Termination

This Convention shall remain in force until terminated by a Contracting State. Either Contracting State may terminate this Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year following the fifth year after the entry into force. In such event, this Convention shall cease to have effect:

- a) in respect of taxes withheld at source, to income derived on or after 1 January of the calendar year next following the year in which the notice is given;
- b) in respect of other taxes on income and taxes on capital, to taxes chargeable for any taxable year beginning on or after 1 January of the calendar year next following the year in which the notice is given.

In witness whereof, the undersigned, duly authorised thereto, have signed this Convention.

Done at Bern this eighteen day of October 2010, in duplicate, in the English and Spanish languages, each text being equally authentic.

For the Principality of Liechtenstein:

For the Oriental Republic of Uruguay:

(gez. Hubert Büchel)

(gez. Fernando Lorenzo)

### **Protocol**

At the signing today of the Convention between the Principality of Liechtenstein and the Oriental Republic of Uruguay for the Avoidance of Double Taxation with respect to Taxes on Income and on Capital, the undersigned have agreed upon the following provisions, which shall form an integral part of this Convention:

1. With respect to paragraph 1 of Article 4:

- a) a company incorporated in Liechtenstein or, if incorporated outside Liechtenstein, being managed or controlled in Liechtenstein, shall be considered to be a resident of Liechtenstein;
- b) any person other than an individual constituted under the laws of and established in Liechtenstein or, if constituted and established outside Liechtenstein, being managed or controlled in Liechtenstein, shall be considered to be a resident of Liechtenstein;
- c) the entities included in Article 7 of Title 7 Texto Ordenado 1996 under the law of Uruguay, shall be considered to be a resident of Uruguay.

2. For the purpose of this Convention it is understood that “investment fund or scheme” means a scheme or arrangement that is recognised under the legislation of a Contracting State regulation funds.

3. For the purpose of this Convention it is understood that pension schemes means a scheme or arrangement that is recognised under the legislation of a Contracting State regulation pension schemes.

4. With respect to Article 26, it is understood that:

- a) this article only obliges the Contracting States to exchange information upon request and only in respect of taxable periods beginning on or after the entry into force of the Convention;
- b) exchange of information according to paragraph 1 refers to information that is foreseeably relevant to the determination, assessment and collection of such taxes with respect to persons subject to such taxes, or the investigation in or prosecution of criminal tax matters in relation to such persons;
- c) the information exchanged
  - aa) may not be used for any purpose other than for the purposes stated in paragraph 1 without the express written consent of the competent authority of the requested Contracting State; and
  - bb) must not be disclosed to any other State or sovereign territory not party to this Convention;

- d) personal data may be transmitted to the extent necessary for the exchange of information according to this article and subject to the provisions of the law of the supplying Contracting State;
- e) information received by the requested Contracting State in conjunction with a request for assistance under this article shall likewise be treated as confidential in the requested Contracting State;
- f) in addition to the circumstances described in paragraph 3, a request for exchange of information can be declined, if the request for information is not in conformity with this Agreement, does not meet the requirements laid out in the subsequent subparagraph g, or if:
  - aa) the applicant Contracting State has not pursued all means available in its own territory to obtain the information, except where recourse to such means would give rise to disproportionate difficulty; or
  - bb) the information is requested by the applicant Contracting State to administer or enforce a provision of the tax law of the applicant Contracting State, or any requirement connected therewith, which discriminates against a national of the requested Contracting State as compared with a national of the applicant Contracting State in the same circumstances.
  - cc) the information requested is subject to legal privilege.
- g) any request for information shall in all cases specify in writing:
  - aa) the identity of the person under examination or investigation;
  - bb) the taxable period for which the information is sought;
  - cc) a statement of the information sought including its nature and the form in which the applicant Contracting State wishes to receive the information from the requested Contracting State;
  - dd) the matter under the applicant Contracting State's tax law with respect to which the information is sought;
  - ee) grounds for believing that the information requested is foreseeably relevant to the administration and enforcement of the domestic tax laws of the applicant Contracting State with regard to the person specified in subparagraph aa);
  - ff) grounds for believing that the information requested is held in the requested Contracting State or is in the possession or control of a person within the jurisdiction of the requested Contracting State;
  - gg) to the extent known, the name and address of any person believed to be in possession of the requested information;
  - hh) a statement that the request is in conformity with the law and administrative practices of the applicant Contracting State, that if the requested information was within the jurisdiction of the applicant Contracting State then the competent authority of the applicant Contracting State would be able to obtain the information under the laws or in the normal course of administrative practice of the applicant Contracting State and that it is in conformity with this Agreement; and
  - ii) a statement that the applicant Contracting State has pursued all means available in its own territory to obtain the information, except those that would give rise to disproportionate difficulties.

In witness whereof, the undersigned, duly authorised thereto, have signed this Protocol.

Done at Bern this eighteen day of October 2010, in duplicate, in the English and Spanish languages, each text being equally authentic.

For the Principality of Liechtenstein:

For the Oriental Republic of Uruguay:

(gez. Hubert Büchel)

(gez. Fernando Lorenzo)