

## **1976 Income Tax Convention (English Translation)**

**Signed date:** October 30, 1976

**In force date:** June 4, 1979

**Effective date:** January 1, 1980. See Article 22.

**Status:** In Force

### **CONVENTION BETWEEN THE ARGENTINE REPUBLIC AND THE REPUBLIC OF BOLIVIA FOR THE AVOIDANCE OF DOUBLE TAXATION**

[TRANSLATION]

The Argentine Republic and the Republic of Bolivia,  
In order to conclude an Convention to avoid double taxation,  
Have agreed to the following:

Chapter I. Scope of the Convention and General Definitions

#### **Article 1 Personal Scope**

The taxes which fall under the scope of this Convention are:

In the Argentine Republic:

- 1) el impuesto a las ganancias; (income tax);
- 2) el impuesto a los beneficios eventuales; (tax on future income);
- 3) el impuesto sobre los capitales; (tax on principal);
- 4) el impuesto sobre el patrimonio neto; (tax on net worth);
- 5) el impuesto a los beneficios de determinados juegos y concursos; (tax on income from certain games and contests).

In the Republic of Bolivia:

- 1) el impuesto sobre la renta de las empresas; (tax on corporate income);
- 2) el impuesto sobre la renta de las personas naturales; (tax on individual income)

This Convention shall also apply to Contracting State any identical or substantially similar taxes which are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes.

#### **Article 2 General Definitions**

For the purposes of this Convention, unless the context otherwise requires:

- a) the terms "a Contracting State" and "the other Contracting State" mean the Argentine Republic or the Republic of Bolivia, as the context requires,
- b) the terms "territory of a Contracting State" and "territory of the other Contracting State" mean the territories of the Argentine Republic and of the Republic of Bolivia, as the context requires;
- c) the term "person" shall mean:
  - 1) an individual, or their indivisible heir;
  - 2) a legal entity;
  - 3) any other entity or group of persons, whether associated or not, subject to fiscal liability;
- d) an individual or natural person shall be considered to be domiciled in the Contracting State where he has his habitual residence.
- e) it is understood that a company is domiciled in the state indicated by the company's charter. If there is no charter or if the same does not indicate a domicile, the company is considered to be domiciled in the place where its place of effective management is situated, or alternately, at its primary place of business.  
When, notwithstanding these guidelines, it is not possible to determine the domicile, the competent authorities of the Contracting States shall resolve the case by mutual agreement;
- f) the term "source" refers to the activity, right or property which generates income, earnings or a benefit;
- g) the term "company activities" refers to activities conducted by enterprises from one Contracting State or the other;
- h) the terms "company from one Contracting State" and "company from the other Contracting " mean a company domiciled in one or the other Contracting States.
- i) regardless of the name agreed upon by the parties, a "royalty" shall be considered any payment in cash or in kind which originates from the transfer of the use or enjoyment of moveable goods or in the

definitive or temporary transfer of rights if the amount is determined based on units of production, units sold, operated or other similar measures.

j) the term "capital gains" refers to the benefit received by a person from the alienation of goods which that party does not normally acquire, produce or alienate in the regular conduct of its activities;

k) the terms "pension or retirement" include retirements, pensions, subsidies for illness, maternity and professional risks, income from disability, old age, death and any other type of allotment which is permanent and on-going which is received pursuant to the social security withholdings or benefits paid by the employer, under contracts intended to cover similar categories or risks or payments which are likewise granted by companies or entities to their retired personnel, and the term "annuity or lifetime income" means a specified amount of money payable periodically during the lifetime of the beneficiary or for a specified period, for free or in exchange for a service rendered or consideration in cash.

l) the term "competent authority" means, in the case of the Argentine Republic, the Ministry of the Economy (Secretary of the Treasury) and, in the case of the Republic of Bolivia, the Ministry of Finance.

### **Article 3 Scope of Undefined Terms or Expressions**

Any term or expression which is not defined in this Convention shall have the meaning with which it has under the laws in force in each Contracting State.

Chapter II. Taxation of Income

### **Article 4 Territorial Jurisdiction**

Regardless of the citizenship or domicile of persons and the place where contracts are entered into the income, earnings, or profits of any type which they receive shall only be taxable in the Contracting State in which such income, earnings or profits, arise, except in the cases specified in this Convention.

### **Article 5 Income From Immovable Property**

The income, earnings or profits of any nature, from immovable property, shall only be taxable in the Contracting State in which such property is situated.

### **Article 6 Income Resulting From the Right to Exploit Natural Resources**

Any income, earnings or profit received from the leasing and subleasing, or from the alienation or concession of the right to exploit or to use natural resources of one the Contracting States in any way, shall only be taxable by that Contracting State.

### **Article 7 Business Profits**

The profits resulting from company activities shall be taxable by the Contracting State where these activities were carried out.

When a company carries out activities in both Contracting States, each of them may tax the income, earnings or profits which are generated in their territory.

A company from a Contracting State shall not be considered as carrying on business in the other 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 act in the ordinary course of their business.

### **Article 8 Profits of Transport Enterprises**

Profits obtained by air, ground, maritime, lake and river transport companies, shall only be taxable in the Contracting State in which such enterprises are domiciled.

### **Article 9 Royalties Derived From the Use of Patents, Trademarks and Technologies**

Any royalties resulting from the use of trademarks, patents, non-patented technical expertise or other similar intangible assets, in the territory of one of the Contracting States, shall only be taxable in that Contracting State.

### **Article 10 Interest**

Interest received from loans shall only be taxable in the Contracting State in which the loan was used.

Unless proven otherwise, it is assumed that the loan is used in the Contracting State from which the interest was paid. Any interest paid on loans backed by collateral shall only be taxable in the Contracting State in which the assigned assets are located.

### **Article 11 Dividends and Shareholdings**

Any dividends and rights participating in profits and returns shall only be taxable by the Contracting State where the company which distributes the same is domiciled.

### **Article 12 Capital Gains**

Capital gains may only be taxed by the Contracting State in which the assets were situated at the time they were sold, except for those received from the alienation of:

- a) ships, aircraft, buses and other transport vehicles, which shall only be taxable by the Contracting State where they were registered at the time of the alienation; and
- b) bonds, shares and other securities, which shall only be taxable by the Contracting State in whose territory they were issued.

### **Article 13 Income From Personal Services**

Remuneration, fees, wages, salaries, benefits and similar compensation, received in consideration of services rendered by employees, professionals, technicians or for personal services in general, shall only be taxable in the territory in which such services were rendered, except for wages, salaries, remuneration and similar compensation received by:

- a) persons who provide services to a Contracting State, by performing duly confirmed official functions, which shall only be taxable by that State, although the services may be provided within the territory of the other Contracting State;
- b) the crews of ships, aircraft, buses and other transport vehicles which operate in international traffic shall only be taxed by the Contracting State in whose territory the enterprise is domiciled;
- c) any member of the board of directors, supervisory council, or management committees, for activities which they carry out in that capacity, in one of the Contracting States for companies domiciled in the other Contracting State shall only be taxed in the latter.

### **Article 14 Professional Service and Technical Consulting Firms**

The fees or remuneration for technical, financial, business, or any other type of consulting, provided by companies of one Contracting State, to persons domiciled in the other Contracting State, shall be taxable based on the source of the income, which is related to said consulting.

Unless proven otherwise, it is assumed that the income arises in the Contracting State from which the payments are made.

### **Article 15 Pensions and Annuities**

Pensions, annuities, lifetime income and other similar periodic income, shall only be taxable by the Contracting State in whose territory the source of the income is situated.

It is considered, unless proven otherwise, that the source is situated in the territory of the Contracting State from which the payment of such income is made..

### **Article 16 Entertainers**

Any income derived by public entertainers and artistes from their personal activities shall only be taxable in the Contracting State in which these activities are exercised, regardless of the amount of time that the persons performing said activities spent in the referenced territory.

### **Article 17 Students**

Scholarships or similar payments received by students [and] apprentices from one of the Contracting States, who are in the other Contracting State for the sole purpose of education or training shall not be taxed in that other State.

Chapter III. Tax on Capital

### **Article 18 Tax on Capital**

Capital located in the territory of one of the Contracting States shall be taxable only by that State.

### **Article 19 Transport Vehicles, Loans, Marketable Securities and Other Assets**

For the purposes of the preceding Article, it is understood that:

- a) ships, aircraft, buses and other transport vehicles and the moveable assets used for their operation are situated in the Contracting State in which their ownership is registered;
- b) loans, shareholdings, shares and other marketable securities are situated in the Contracting State in which their debtor or the issuing company is domiciled, as the case may be;
- c) loans backed by collateral are situated in the Contracting State where the assigned assets are located.
- d) non-registered moveable assets and livestock which are situated in the territory of one of the Contracting States at the close of each fiscal period for companies, or at December 31 of each year for individuals, although their situation may not be permanent, are situated therein;
- e) scientific, literary or artistic property rights, trademarks or brand names or similar marks, patents, drawings, models and designs which are reserved as intellectual property, along with their derivatives and the respective licenses are situated in the Contracting State where the holder of the right or license is domiciled, as the case may be.

Chapter IV. General Provisions

### **Article 20 Exchange of Information**

The competent authorities from the Contracting States shall consult with each other and exchange the information necessary for resolving, by mutual agreement, any difficulty or doubt which may arise in the application of this Convention and in order to determine the administrative controls which are intended to avoid fraud and evasion.

The information which is exchanged pursuant to the preceding paragraph shall be secret and may only be transmitted to officials charged with the administration of the taxes which are the subject of this Convention.

For the purposes of this Article, the competent authorities of the Contracting States may communicate directly with each other.

### **Article 21 Ratification**

This Convention shall be ratified by the Contracting States pursuant to the respective constitutional and legal requirements.

The instruments of ratification shall be exchanged as soon as possible.

### **Article 22 Entry Into Force**

This Convention shall enter into force on the date of the exchange of the instruments of ratification and it will be applied to the earnings, income, benefits, capital and net worth which correspond to fiscal years which begin as of January 1, inclusive, of the following year.

### **Article 23 Duration**

This Convention shall remain in force indefinitely, but any of the Contracting States, as of January 1 through June 30 of any calendar year and beginning in the fifth year following the year of the entry into force, inclusive, may notify the other contracting government in writing of its termination of the same and, in such a case, the Convention shall cease to be in force on the earnings, income, profits, capital and net worth corresponding to fiscal years which begin as from January 1, inclusive, of the following year.

Done in duplicate in the city of Santa Cruz de la Sierra, Republic of Bolivia, this 30th day of October 1976, each version being equally authentic.

#### **FOR THE GOVERNMENT OF THE ARGENTINE REPUBLIC:**

*Rear Admiral Cesar Augusto Guzzetti*

*Minister of Foreign Relations and Religion of the Argentine Republic*

#### **FOR THE GOVERNMENT OF THE REPUBLIC OF BOLIVIA:**

*General Oscar Adriazola Valda*

*Minister of Foreign Relations and Religion of the Republic of Bolivia.*