

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

The Government of the Republic of Hungary and the Government of the Republic of Uzbekistan, desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, and with a view to promote economic cooperation between the two countries,

Have agreed as follows:

*Article 1*

*PERSONAL SCOPE*

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

*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 administrative territorial 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 amount of wages or salaries paid by enterprises, as well as taxes on capital appreciation.

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

(a) in Hungary:

- (i) the personal income tax;
- (ii) the corporate tax;
- (iii) the dividend tax;
- (iv) the surtax;
- (v) the land parcel tax;
- (vi) the building tax  
(hereinafter referred to as „Hungarian tax”);

(b) in the case of the Republic of Uzbekistan:

- (i) the tax on income (profit) of legal persons;
- (ii) the tax on income of individuals;

(iii) the property tax  
(hereinafter referred to as „Uzbekistan 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 respective taxation laws.

### *Article 3*

#### *GENERAL DEFINITIONS*

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

(a) the term „Hungary” means the Republic of Hungary and, when used in a geographical sense it means the territory of the Republic of Hungary;

(b) the term „Uzbekistan” means the Republic of Uzbekistan, and by the use in the geographical sense includes its territory, the territorial waters and air space over them where the Republic of Uzbekistan may exercise sovereign rights and jurisdiction including rights to use the subsoil and natural resources in accordance with international law and the laws of the Republic of Uzbekistan;

(c) the terms „a Contracting State”, „one of the Contracting States” and „the other Contracting State” mean Hungary or Uzbekistan, as the context requires;

(d) the term „person” includes an individual, a company and any other body of persons;

(e) the term „company” means body corporate or any entity which is treated as a body corporate for tax purposes;

(f) the terms „enterprise of a Contracting State” and „enterprise of the other Contracting State” mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;

(g) the term „international traffic” means any transport by a ship, aircraft, railway or road-transport vehicle operated by an enterprise of a Contracting State, except when the ship, aircraft, railway or road-transport vehicle is operated solely between places in the other Contracting State;

(h) the term „competent authority” means:

(i) in the case of Hungary, the Minister of Finance or his authorised representative;

(ii) in the case of the Republic of Uzbekistan, the State Tax Committee or its authorised representative;

(i) the term „national” means:

(i) any individual possessing the nationality of a Contracting State;

(ii) any legal person, partnership, association or other entity deriving its status as such from the laws in force in a Contracting State.

2. As regards the application of the 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 the 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. The meaning of a term under the taxation law of that state shall have priority over the meaning provided for such term in other branches of its legislation.

#### *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 management, place of incorporation or any other criterion of a similar nature, and also includes that State and any administrative territorial subdivisions 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 it is incorporated.

#### *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 includes:

- (a) a building site or construction or installation project or supervisory activities in connection therewith constitutes a permanent establishment only if it lasts more than twelve months,
- (b) the furnishing of services, including consultancy or managerial services by an enterprise of a Contracting State through employees or other personnel engaged by the enterprise for such purpose but only where activities of that nature continue in the territory of the other Contracting State for a period or periods exceeding in the aggregate more than 6 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, or 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, or 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. Notwithstanding the provisions of paragraphs 1 and 2 of this Article a person acting in a Contracting State on behalf of an enterprise of the other Contracting State – other than an agent of an independent status to whom paragraph 6 of this Article applies – shall be deemed to be a permanent establishment of the enterprise in the first-mentioned State if

- (a) he has, and habitually exercises in the first-mentioned State authority to conclude contracts for, or on behalf of, such enterprise, or
- (b) he maintains in the first-mentioned State a stock of goods or merchandise belonging to the enterprises from which he regularly sells goods or merchandise for, or on behalf of, such enterprise,

unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

6. Notwithstanding the preceding provisions of this Article, an insurance enterprise of a Contracting State shall, except in regard to reinsurance, be deemed to have a permanent

establishment in the other Contracting State if it collects premiums in the territory of that other State or insures risks situated therein through a person other than an agent of an independent status to whom paragraph 7 applies.

7. 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.

8. 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 may be taxed 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 and to income from immovable property used for the performance of independent personal 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 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 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.

It is not allowed to deduct to the permanent establishment the sums paid to its leading establishment or to any other of resident's establishments by way of royalty, duty or other similar payments for the use of patents or the other rights, or by way of commission payment for the provided concrete services or for the management or by way of interest payment in an amount that is lent to the permanent establishment.

4. Insofar as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the 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.

## *Article 8*

### *INTERNATIONAL TRANSPORT*

1. Profits derived by an enterprise of a Contracting State from the operation of ships, aircraft railway or road-transport vehicles in international traffic shall be taxable only in that Contracting State.

2. The provisions of paragraph 1 shall also apply to:

(a) incidental profits derived from the rental on a bareboat basis of ships or aircraft operated in international traffic;

(b) profits from the use, maintenance or rental of containers (including trailers and other equipment for the transport of containers), where such profits are supplementary or incidental in respect to the profits to which the paragraph 1 shall apply.

3. The provisions of paragraph 1 and 2 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 if it agrees with the adjustment made by the first-mentioned State. 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 dividends is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the dividends.

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 or other rights, not being debt-claims, participating in profits, as well as income 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 or performs in that other State independent personal services from a fixed base situated therein and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, 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 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 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 provision of paragraph 2

(a) interest arising in the Republic of Uzbekistan and paid to the Government of the Republic of Hungary, or the National Bank of Hungary, or the Eximbank Hungary Pte Ltd. shall be exempt from Uzbekistan tax;

(b) interest arising in the Republic of Hungary and paid to the Government of the Republic of Uzbekistan, the Central Bank of Uzbekistan, the National Bank of Uzbekistan for Foreign Economic Activity shall be exempt from Hungarian tax.

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, but does not include income dealt with 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 and 2 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, or performs in

that other State independent personal 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 case the provisions of Article 7 or Article 14, as the case may be, shall apply.

6. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, an administrative territorial subdivision, a local authority or a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred and such interest is borne by such 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.

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 of, any copyright of literary, artistic or scientific work (including cinematograph films), or films or tapes used for radio or television broadcasting, video cassette, any patent, trade mark, design or model, plan, computer program, 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; however the payment for the use of or the right to use industrial, commercial or scientific equipment can be considered as royalty in case they have a patent or know-how character.

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, or performs in that other State independent personal 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 case the provisions of Article 7 or Article 14, as the case may be, 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 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 liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the State in which the permanent establishment or fixed base 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 may be taxed in that other State.

2. Gains from the alienation of shares, rights or an interest in a company, the assets of which consist principally of, or of rights in, immovable property situated in a Contracting State or of shares in a company the assets of which consist principally of, or of rights in, such immovable property situated in a State may be taxed in the State in which the immovable property is situated.

3. 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 independent personal services, including such gains from the alienation of such permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State.

4. Gains from the alienation of ships or aircraft operated in international traffic by an enterprise of a Contracting State or from the alienation of movable property pertaining to the operation of such ships or aircraft shall be taxable only in that Contracting State.

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

### *Article 14*

#### *INDEPENDENT PERSONAL SERVICES*

1. Income derived by a resident of a Contracting State in respect of professional or other activities of an independent character shall be taxable only in that State except in the following circumstances, when such income may also be taxed in the other Contracting State:

(a) if he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities; in that case, only so much of the income as is attributable to that fixed base may be taxed in that other State; or

(b) if his stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate 183 days in any twelve-month period concerned.

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

## *Article 15*

### *INCOME FROM EMPLOYMENT*

1. Subject to the provisions of Articles 16, 18, 19 and 21 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 all the following conditions are met:

(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 calendar year concerned, and

(b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and

(c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship, aircraft or road-transport vehicle operated in international traffic, or aboard a boat engaged in inland waterways transport, may be taxed in the Contracting State of which the employer is a resident.

## *Article 16*

### *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 or the supervisory board or any similar body of a company which is a resident of the other Contracting State may be taxed in that other State.

#### *Article 17*

##### *ARTISTES AND SPORTSMEN*

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, 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 15, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.
3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, income mentioned in this Article shall be exempt from tax in the Contracting State in which the activity of the entertainer or sportsman is exercised provided that this activity is supported by the public or governmental funds of that Contracting State or of the other Contracting State or the activity is exercised under a cultural agreement or arrangement between the Contracting States. In such a case, the income is taxable only in the Contracting State of which the artiste or the sportsman is a resident.

#### *Article 18*

##### *PENSIONS*

Pensions and other similar remuneration arising in a Contracting State and paid to a resident of the other Contracting State in consideration of past employment shall be taxable only in the first-mentioned State.

#### *Article 19*

##### *GOVERNMENT SERVICE*

1. (a) Salaries, wages and other similar remuneration, other than a pension, paid by a Contracting State or an administrative territorial subdivision or a local authority thereof to an individual in respect of services rendered to that State or an administrative territorial subdivision or local authority 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:

(i) is a national of that State; or

(ii) did not become a resident of that State solely for the purpose of rendering the services.

2. The provisions of Articles 15, 16 and 17 shall apply to salaries, wages and other similar remuneration in respect of services rendered in connection with a business carried on by a Contracting State or an administrative territorial subdivision or a local authority thereof.

#### *Article 20*

##### *STUDENTS*

Payments which a student, or business apprentice or business trainee 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*

##### *PROFESSORS AND TEACHERS*

1. A professor or teacher who visits one of the Contracting States for a period not exceeding two years for the sole purpose of teaching or carrying out advanced study (including research) at a university, college or other recognised research institute or other establishment for higher education in that Contracting State and who was immediately before that visit a resident of the other Contracting State shall be exempt from tax in the first-mentioned Contracting State on any remuneration for such teaching or research for a period not exceeding two years from the date he first visits that Contracting State for such purpose.

2. The preceding provisions of this Article shall not apply to remuneration which a professor or teacher receives for conducting research if the research is undertaken primarily for the private benefit of a specific person or persons.

#### *Article 22*

##### *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 beneficial owner of such income, being a resident of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

### *Article 23*

#### *CAPITAL*

1. Capital represented by immovable property referred to in Article 6, owned by of a resident of a Contracting State and situated in the other Contracting State, may be taxed 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 or 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 independent personal services, may be taxed in that other State.
3. Capital of an enterprise of a Contracting State and represented by ships or aircraft or road-transport vehicles or railway operated in international traffic and by movable property pertaining to the operation of such ships or aircraft or road-transport vehicles or railway shall be taxable only in that State.
4. All other elements of capital of a resident of a Contracting State shall be taxable only in that State.

### *Article 24*

#### *ELIMINATION OF DOUBLE TAXATION*

1. In Hungary double taxation shall be eliminated as follows:
  - (a) Where a resident of Hungary derives income or own capital which, in accordance with the provisions of this Convention may be taxed in Uzbekistan, Hungary shall, subject to the provisions of subparagraph (b) and paragraph 3, exempt such income or capital from tax.
  - (b) Where a resident of Hungary derives items of income which, in accordance with the provisions of Article 10, 11, 12 may be taxed in Uzbekistan, Hungary shall allow as a deduction from the tax on the income of that resident an amount equal to the tax paid in Uzbekistan. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given which is attributable to such items of income derived from Uzbekistan.
2. In Uzbekistan double taxation shall be eliminated as follows:

Where a resident of Uzbekistan derives income or owns property which, in accordance with the provisions of this Convention, may be taxed in Hungary, Uzbekistan shall allow:

(a) as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in Hungary;

(b) as a deduction from the tax on the property of that resident, an amount equal to the property tax paid in Hungary.

Such deduction in either case shall not, however, exceed that part of the income tax or property tax, as computed before the deduction is given, which is attributable, as the case may be, to the income or the property which may be taxed in Hungary.

3. Where in accordance with any provision of the Convention income derived or capital owned by a resident of a Contracting State is exempt from tax in that State, such State 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 25*

### *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. 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.

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 Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of 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 26*

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

4. The competent authorities of the Contracting States may communicate with each other directly, 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.

#### *Article 27<sup>1</sup>*

#### *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

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<sup>1</sup> Amended by the Protocol, signed on the 25th of November, 2015 at Budapest, amending the Convention between the Government of the Republic of Hungary and the Government of the Republic of Uzbekistan for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital signed on the 17th of April, 2008 at Tashkent

or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States or local authorities, insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Articles 1 and 2 of this Convention.

2. Any information received by a Contracting State under paragraph 1 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, or 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 28*

### *MEMBERS OF DIPLOMATIC MISSIONS AND CONSULAR POSTS*

Nothing in this Convention shall affect the fiscal privileges for heads of diplomatic missions and consuls and diplomatic agents or consular officers under the general rules of international law or under the provisions of special agreements.

## *Article 29*

### *ENTRY INTO FORCE*

Each of the Contracting States shall notify to the other through diplomatic channels the completion of the procedures required by its law for the bringing into force of this Convention. This Convention shall enter into force on the date of the receipt of the latter notification and shall thereupon have effect:

(a) in respect of taxes withheld at source, on income derived on or after 1 January in the calendar year next following the year in which the Convention enters into force;

(b) in respect of other taxes on income and taxes on capital, for taxes chargeable for any calendar year beginning on or after 1 January in the calendar year next following the year in which Convention enters into force.

### *Article 30*

#### *TERMINATION*

This Convention shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Convention at any time after five years from the date on which the Convention enters into force provided that at least six months before the end of any calendar year notice of termination has been given through diplomatic channels.

In such event, this Convention shall cease to have effect in both Contracting States:

(a) in respect of taxes withheld at source, on income derived on or after 1 January in the calendar year next following the year in which the notice of the termination is received;

(b) in respect of other taxes on income and taxes on capital, for taxes chargeable for any calendar year beginning on or after 1 January in the calendar year next following the year in which the notice of termination is received.

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

Done at Taskent this 17 day of April 2008, in two original copies in the Hungarian, Uzbek and English languages, each text being equally authentic. In case of divergence of interpretation the English text shall prevail.

**PROTOCOL**  
**AMENDING THE CONVENTION BETWEEN THE GOVERNMENT OF THE**  
**REPUBLIC OF HUNGARY AND THE GOVERNMENT OF THE REPUBLIC OF**  
**UZBEKISTAN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE**  
**PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME**  
**AND ON CAPITAL SIGNED ON THE 17<sup>TH</sup> OF APRIL, 2008 AT TASHKENT**

The Government of Hungary and the Government of the Republic of Uzbekistan,

In accordance with the Convention between the Government of the Republic of Hungary and the Government of the Republic of Uzbekistan for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital signed on the 17<sup>th</sup> of April, 2008 at Tashkent (hereinafter referred to as “Convention”),

Taking into account the desires of the Contracting States to amend the Convention,

Have agreed as follows:

**Article 1**

Article 27 of the Convention shall be replaced by the following:

**“Article 27**

**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 local authorities, insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Articles 1 and 2 of this Convention.

2. Any information received by a Contracting State under paragraph 1 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, or 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 2**

Both Contracting States shall notify each other through diplomatic channels that they have completed the procedures necessary for the entry into force of this Protocol. This Protocol shall enter into force on the thirtieth day upon the receipt of the latter notification and shall have effect to information that relates to taxation years or business years beginning on or after the first day of January of the calendar year next following the entry into force of this Protocol.

## **Article 3**

This Protocol shall form an integral part of the Convention and shall terminate at the time of termination of the Convention.

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

DONE at Budapest, this 25th day of November, 2015 in duplicate in the Hungarian, Uzbek and English languages, all three texts being equally authentic. In case of any divergence of interpretation of the provisions of this Protocol the English text shall prevail.