BILATERAL

PROTOCOL TO AMEND THE CONVENTION BETWEEN THE REPUBLIC OF FINLAND AND THE REPUBLIC OF THE PHILIPPINES FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WI...

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

Desiring to conclude a Protocol to amend the Convention between the Contracting Parties for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed at manila on 13 October 1978,

Have agreed as follows:

ARTICLE 1

Paragraphs 1 and 2 of Article 10 of the Convention shall be deleted and replaced by the following:

- 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. Such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the law of that State, but the tax so charged shall not exceed 15 per cent of the gross amount of the dividends, if the recipient is a company (excluding partnership) owning at least 10 per cent of the voting stock of the company paying the dividends.

- However, as long as an individual resident in Finland is entitled to a tax credit in respect of dividends paid by a company resident in Finland, the following provisions of this paragraph shall apply instead of the provisions of paragraph 1:

> a) Dividends paid by a company which is a resident of Finland to a resident of the Philippines shall be exempt from Finnish tax on dividends;
>
> b) Notwithstanding the provisions of sub-paragraph a), where the recipient is an individual or a body of persons other than a company which controls directly at least 10 per cent of the voting power in the company paying the dividends, such dividends may also be taxed in Finland and according to Finnish law, but the tax so charged shall not exceed 5 per cent of the gross amount of the dividends.

ARTICLE II

Sub-paragraph b) of paragraph 1 of Article 22 of the Convention shall be deleted and replaced by the following, and the following new sub-paragraph d) shall be inserted immediately after the existing sub-paragraph c):

> “b) Notwithstanding the provision of sub-paragraph a), dividends paid by a company which is a resident of the

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Philippines to a company which is a resident of Finland and controls directly at least 10 per cent of the voting power in the company paying the dividends shall be exempt from Finnish tax."

"d) Where in accordance with any provision of the Convention income derived by a resident of Finland is exempt from tax in Finland, Finland may nevertheless, in calculating the amount of tax on the remaining income of such person, take into account the exempted income."

ARTICLE III

- The Contracting Parties shall notify each other that the constitutional requirements for the entry into force of this Protocol have been complied with.

- The Protocol shall enter into force thirty days after the date of the later of the notifications referred to in paragraph 1 and its provisions shall 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 Protocol enters into force;

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

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

Done in duplicate at Manila this 21st day of December 1993, in the English language.

For the Government of
the Republic of
Finland

(Sgd.)

For the Government of
the Republic of
the Philippines

(Sgd.)

Entry into Force: December 2, 2015

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