

POSITIONS ON ARTICLE 2 (TAXES COVERED) AND ITS COMMENTARY

Positions on the Article

Paragraph 1

1. Wherever the terms “capital” and “movable property” appear in the Convention, *Belarus* reserves the right to replace these terms, which do not exist in its domestic law, by “property” and “property other than immovable property” respectively.

(Added on 23 October 1997; see HISTORY)

2. *Brazil* reserves its position on that part of paragraph 1 which states that the Convention should apply to taxes of political subdivisions or local authorities, as well as on the final part of the paragraph which reads “irrespective of the manner in which they are levied”.

(Added on 23 October 1997; see HISTORY)

2.1 *Argentina* and *Colombia* reserve the right not to include in paragraph 1 taxes imposed on behalf of political subdivisions or local authorities.

(Added on 15 July 2014; see HISTORY)

3. Since they have no tax on capital, *Brazil*, *Indonesia*, *Malaysia* and *Singapore* reserve the right not to include any reference to such tax in paragraph 1.

(Amended on 15 July 2014; see HISTORY)

4. *Romania* reserves the right to include taxes imposed on behalf of administrative-territorial units.

(Added on 23 October 1997; see HISTORY)

5. *South Africa* reserves its position on that part of paragraph 1 which states that the Convention should apply to taxes of local authorities.

(Added on 23 October 1997; see HISTORY)

5.1 *Georgia* reserves the right to include taxes imposed on behalf of administrative-territorial units and local self-governing authorities.

(Added on 15 July 2014; see HISTORY)

5.2 *Colombia* reserves the right to limit the application of the Convention to taxes on capital to the extent that during the fiscal year concerned both Contracting States impose taxes on the same capital or on the same elements of capital.

(Added on 15 July 2014; see HISTORY)

Paragraph 2

6. *Brazil* wishes to use, in its conventions, a definition of income tax that is in accordance with its constitutional legislation. Accordingly, it reserves the right not to include paragraph 2 in its conventions.

(Added on 23 October 1997; see HISTORY)

7. *Armenia, Latvia, Lithuania, Romania and Tunisia* hold the view that “taxes on the total amounts of wages or salaries paid by enterprises” should not be regarded as taxes on income and therefore reserve the right not to include these words in paragraph 2.

(Amended on 17 July 2008; see HISTORY)

8. *Ukraine* reserves its position on that part of paragraph 2 which states that the Convention shall apply to taxes on capital appreciation.

(Added on 23 October 1997; see HISTORY)

9. *(Deleted on 29 April 2000; see HISTORY)*

HISTORY

Paragraph 1: Included when this section was added in 1997 by the report entitled “The 1997 Update to the Model Tax Convention”, adopted by the OECD Council on 23 October 1997.

Paragraph 2: Included when this section was added in 1997 by the report entitled “The 1997 Update to the Model Tax Convention”, adopted by the OECD Council on 23 October 1997.

Paragraph 2.1: Added on 15 July 2014 by the report entitled “The 2014 Update to the Model Tax Convention” adopted by the Council on 15 July 2014.

Paragraph 3: Amended on 15 July 2014, by adding Malaysia and Singapore to the list of countries indicating the position, by the Report entitled “The 2014 Update to the Model Tax Convention”, adopted by the Council of the OECD on 15 July 2014. After 22 July 2010 and until 15 July 2014, paragraph 3 read as follows:

“3. Since they have no tax on capital, *Brazil* and *Indonesia* reserve the right not to include any reference to such tax in paragraph 1.”

Paragraph 3 was previously amended on 22 July 2010, by adding *Indonesia* as a country indicating the position, by the report entitled “The 2010 Update to the Model Tax Convention”, adopted by the OECD Council on 22 July 2010. After 23 October 1997 and until 22 July 2010, paragraph 3 read as follows:

“3. Since it has no tax on capital, *Brazil* reserves its right not to include any reference to such tax in paragraph 1.”

Paragraph 3 was included when this section was added in 1997 by the report entitled “The 1997 Update to the Model Tax Convention”, adopted by the OECD Council on 23 October 1997.

Paragraph 4: Included when this section was added in 1997 by the report entitled “The 1997 Update to the Model Tax Convention”, adopted by the OECD Council on 23 October 1997.

Paragraph 5: Included when this section was added in 1997 by the report entitled “The 1997 Update to the Model Tax Convention”, adopted by the OECD Council on 23 October 1997.

Paragraph 5.1: Added on 15 July 2014 by the Report entitled “The 2014 Update to the Model Tax Convention”, adopted by the Council of the OECD on 15 July 2014.

Paragraph 5.1 as it read before 22 July 2010 was deleted by the report entitled “The 2010 Update to the Model Tax Convention”, adopted by the OECD Council on 22 July 2010. After 17 July 2008 and until 22 July 2010, paragraph 5.1 read as follows:

“5.1 Chile reserves its position on that part of paragraph 1 which states that the Convention should apply to taxes of political subdivisions or local authorities.”

Paragraph 5.1 was added on 17 July 2008 by the report entitled “The 2008 Update to the Model Tax Convention”, adopted by the OECD Council on 17 July 2008.

Paragraph 5.2: Added on 15 July 2014 by the report entitled “The 2014 Update to the Model Tax Convention” adopted by the Council on 15 July 2014.

Paragraph 6: Included when this section was added in 1997 by the report entitled “The 1997 Update to the Model Tax Convention”, adopted by the OECD Council on 23 October 1997.

Paragraph 7: Amended on 17 July 2008, by changing the list of countries indicating the position by adding Armenia and deleting Estonia and Russia, by the report entitled “The 2008 Update to the Model Tax Convention”, adopted by the OECD Council on 17 July 2008. After 28 January 2003 and until 17 July 2008, paragraph 7 read as follows:

“7. Estonia, Latvia, Lithuania, Romania, Russia and Tunisia hold the view that “taxes on the total amounts of wages or salaries paid by enterprises” should not be regarded as taxes on income and therefore reserve the right not to include these words in paragraph 2.”

Paragraph 7 was previously amended, by adding Tunisia to the list of countries indicating the position, by the report entitled “The 2002 Update to the Model Tax Convention”, adopted by the OECD Council on 28 January 2003. After 23 October 1997 and until 28 January 2003 paragraph 7 read as follows:

“7. Estonia, Latvia, Lithuania, Romania and Russia hold the view that “taxes on the total amounts of wages or salaries paid by enterprises” should not be regarded as taxes on income and therefore reserve the right not to include these words in paragraph 2.

Paragraph 7 was included when this section was added in 1997 by the report entitled “The 1997 Update to the Model Tax Convention”, adopted by the OECD Council on 23 October 1997.”

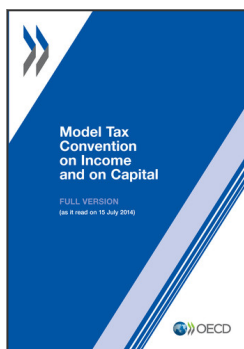
Paragraph 8: Included when this section was added in 1997 by the report entitled “The 1997 Update to the Model Tax Convention”, adopted by the OECD Council on 23 October 1997.

Paragraph 9: Deleted on 29 April 2000 together with the preceding heading, by the report entitled “The 2000 Update to the Model Tax Convention”, adopted by the OECD Council on 29 April 2000. After 23 October 1997 and until 29 April 2000, paragraph 9 and the heading that preceded it read as follows:

“Paragraph 4

9. Argentina, China, Estonia, Latvia, Lithuania, Romania, Russia, South Africa, Thailand and Vietnam wish to confine the obligation to exchange information to significant or important changes in tax laws as they occur from time to time.”

Paragraph 9 was included when this section was added in 1997 by the report entitled “The 1997 Update to the Model Tax Convention”, adopted by the Council of the OECD on 23 October 1997.”



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