**Disclaimer: The official version of the law and any amendments thereto is published in Arabic in the Official Gazette. This version of the law, including amendments thereto, is provided for guidance and easy reference purposes. The Legislation & Legal Opinion Commission does not accept any liability for any discrepancy between this version and the official version as published in the Official Gazette and / or any inaccuracy or errors in the translation.**

**For any corrections, remarks, or suggestions, kindly contact us on translate@lloc.gov.bh**

**Published on the website on May 2024**

**Legislative Decree No. (18) of 2000 ratifying the Convention Between the Government of The State of Bahrain and the Government of the People's Democratic Republic of Algeria for the Avoidance of Double Taxation and the Prevention of Tax Evasion with respect to Taxes on Income**

We, Hamad bin Isa Al Khalifa, Emir of the State of Bahrain;

Having reviewed the Constitution,

Emiri Order No. (4) of 1975;

The Convention Between the Government of The State of Bahrain and the Government of the People's Democratic Republic of Algeria for the Avoidance of Double Taxation and the Prevention of Tax Evasion with respect to Taxes on Income, signed in Algiers in the People's Democratic Republic of Algeria on 1421 A.H., corresponding to 11 June 2000;

And upon the submission of the Minister of Finance and National Economy;

And after consulting the Shura Council,

And after the approval of the Council of Ministers,

**Hereby Decree the following Law:**

**Article One**

The Convention Between the Government of The State of Bahrain and the Government of the People's Democratic Republic of Algeria for the Avoidance of Double Taxation and the Prevention of Tax Evasion with respect to Taxes on Income, signed in Algiers in the People's Democratic Republic of Algeria on 9 Rabi' Al-awwal 1421 A.H., corresponding to 11 June 2000, Attached to this law, has been ratified.

**Article Two**

The Ministers - each within his jurisdiction- shall implement the provisions of this Law, and it shall come into force from the date of its publication in the Official Gazette.

**Emir of the State of Bahrain**

**Hamad bin Isa Al Khalifa,**

Issued at Riffa palace:

13 Rabi al-thani 1421 A.H.

Corresponding to: 15 July 2000

**Convention Between the Government of The State of Bahrain and the Government of the People's Democratic Republic of Algeria for the Avoidance of Double Taxation and the Prevention of Tax Evasion with respect to Taxes on Income**

Desiring to conclude a Convention between the Government of the State of Bahrain and the Government of the People's Democratic Republic of Algeria for the avoidance of double taxation on income, it has been agreed as follows:

**Article One**

**Personal Scope**

**\_\_\_\_\_\_\_\_\_**

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

**Article Two**

**Taxes covered by the Convention**

**\_\_\_\_\_\_\_\_\_\_\_**

1. This Convention shall apply to taxes on income imposed by a Contracting State or by its administrative subdivisions or local authorities, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income all taxes imposed on total income, or on elements of income including on gains from the disposal of movable and immovable properties and taxes on the total amounts of wages or salaries paid by enterprises.

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

a- For the State of Bahrain:

Any income tax imposed in the Kingdom of Bahrain after the date of signing this Convention (excluding the income tax imposed on oil companies under Legislative Decree No. 22 of 1979) hereinafter referred to as Bahraini tax.

B- For the People's Democratic Republic of Algeria:

1) Tax on gross income

2) Tax on company profits

3) Tax on professional activity

4) Lump sum payment.

5) Property tax.

6) Royalty and tax on crops for exploration, research, exploitation and transport of hydrocarbons by pipeline.

hereinafter referred to as Algerian tax.

4- The Convention shall apply as well 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 of any substantial changes that have been made in their tax laws.

**Article Three**

**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” shall refer to Bahrain or Algeria, as the context requires.

b- The term "person" shall refer to natural persons, companies or any entity composed of a group of persons.

c- The term "company" shall refer to any legal entity with a legal personality or any unit treated as a legal entity for tax purposes.

d- the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" shall respectively mean an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State.

e- 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.

f- The term "competent authority” shall refer to:

- The Minister of Finance and National Economy or his legal representative for the State of Bahrain.

- The Minister of Finance or his legal representative for Algeria.

g- The term "citizen" shall refer to:

- Any individual possessing the nationality of that Contracting State.

- Any legal person or any company considered as such according to the prevailing law in the 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.

**Article Four**

**Geographical Scope**

**\_\_\_\_\_\_**

1- This Convention shall apply, with respect to the State of Bahrain, to the lands and islands which constitute the State of Bahrain, including the territorial waters over which the State of Bahrain has sovereign rights under international law for the purpose of exploring and exploiting the resources on the seabed and the water resources above the seabed.

2- With regard to the People's Democratic Republic of Algeria, the term "Algeria" refers to the People's Democratic Republic of Algeria, and in a geographical sense, it refers to the territory of the People's Democratic Republic of Algeria, including the territorial sea and beyond, and even the areas over which the People's Democratic Republic of Algeria exercises its laws or rights of sovereignty with regard to the exploration and exploitation of the natural resources of the seabed, its subsoil and its surface waters, in accordance with international law and its national legislation.

**Article Five**

**Resident**

**\_\_\_\_\_\_\_\_\_**

1- For the purposes of this Convention, the term "resident of a Contracting State" shall refer to any person subject, according to the laws of that state, to taxes imposed therein by virtue of their domicile, place of abode, management centre, or any similar criterion.

2- Where by reason of the provisions of paragraph (1) a person is a resident of both Contracting States, then his status shall be determined as follows:

a- He shall be deemed to be a resident 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 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 of the State in which he has a habitual abode.

c- if he has the nationality of both States or if he does not have his habitual place of residence in either of them, he shall be deemed to be a resident of the State of which he has the nationality.

d- if he is a national of both States or of neither of them,the competent authorities of the Contracting States shall endeavour to settle the question by mutual agreement.

3- In the event that a company is considered, in accordance with the provisions of paragraph (A), as being resident in both Contracting States, its residence shall be determined as follows:

a- They shall be considered a resident the State to which they are nationals.

b- If they do not hold nationality of either of the Contracting States, they shall be deemed a resident in the Contracting in which their actual management centre is located.

4- In the event that, according to the provisions of paragraph (1), there is another person other than individuals or companies resident in both Contracting States, the competent authorities of both Contracting States shall jointly devise a solution for the matter through mutual agreement, outlining the method of applying the Convention to such a person.

**Article Six**

**Permanent Establishment**

**\_\_\_\_\_\_\_\_**

1- For the purposes of this Convention, the term “permanent establishment” means a fixed place of business through or at which the business of an enterprise carries on all or any of its activities.

2- The term “permanent establishment” shall especially include:

a- A place of management.

b- a branch.

c- Places used as sales outlet.

d- Office.

e- Factory.

f- Mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

g- Farm or plantation.

h- A building or installation workshop or supervisory activities in the course of which it is carried out, provided that the duration of this workshop or these activities exceeds six months.

i- Provision of services, including consultancy services, carried out by an establishment operated by workers employed for this purpose by the enterprise, provided that these services are continuous or intermittent and for a period not exceeding six months, within a maximum period of twelve months.

3- 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 sub-paragraphs (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.

4- Notwithstanding the provisions of subparagraphs (a) and (b) of the paragraph (4) above, where a person - other than an agent of an independent legal status to whom Paragraph (6) herein under applies - is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that Contracting State in respect of any activities which that person undertakes for the 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.

5- An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State simply because it carries on business in that other Contracting State through a broker, general commission agent or any other agent of independent status, provided that such person acts within the ordinary course of their profession. However, if such person conducts their activities wholly or partly on behalf of the enterprise, he shall not be considered an independent agent for the purposes of this paragraph.

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 Seven**

**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, aircraft and motor vehicles shall not be regarded as immovable property.

3- The provisions of paragraph (1) of this Article shall apply to income derived from the direct use of immovable property, or from its rental, including agricultural leasing, or from its use in any other way.

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 Eight**

**Commercial and Industrial Gains**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1. The gains 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 gains of the enterprise may be taxed in the other Contracting State but only so much of them as is attributable to the permanent establishment.

2. In accordance with the provisions of the third paragraph of this Article, 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 gains which it might be expected to make if it were a separate enterprise practising the same activity or similar activities under the same conditions or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In determining the gains 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, in accordance with the provisions of and subject to the limitations of the tax laws of that State. However, such deductions shall not be allowed for amounts, if any, previously paid (except for amounts paid to compensate for expenses actually due) by the permanent establishment to the head office of the enterprise or to any of its offices in the form of royalties, bonuses, or any similar payments in return for the use of patents or any other rights, or in the form of fees for specific services rendered or for management activities, except in the case of a banking institution in the form of interest on funds previously lent to the permanent establishment.

4. Where gains 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 Nine**

**Shipping And Air Transport**

**\_\_\_\_\_\_\_\_\_**

1. As an exemption from the provisions of Article Two of this Convention, gains arising from the utilization of ships, aircraft in international transportation, including gains arising from operations related to this activity, shall not be subject to tax except in the Contracting State in which the actual management centre of the enterprise is located.

2. If the actual management centre of a maritime enterprise is located on board a ship or boat, this location shall be considered situated in the Contracting State in which the port of registry of the ship or boat is located. If there is no port of registry, then it shall be considered situated in the Contracting State in which the operator of the ship or boat resides.

3. The provisions of paragraph (1) of this Article shall apply to gains generated from participation in a Pool (business association), joint operation, or international organization for the operation of ships or aircraft in international transportation.

**Article Ten**

**Common institutions**

**\_\_\_\_\_\_\_\_\_**

1. If an enterprise of one of the Contracting States directly or indirectly contributes to the capital of an enterprise of the other Contracting State, or participates in its management or supervision.

Or that If the same persons contribute directly or indirectly in the management, supervision or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State.

In either case, if conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between two independent enterprises, any gains could have been made by either of the enterprises but, because of those conditions, have not been met, may be incorporated into the gains of the enterprise and be taxable accordingly.

2- If the gains of an enterprise of one of the Contracting States and subject to taxation in that Contracting State include gains attributable to an enterprise of the other Contracting State and subject to taxation in that other Contracting State, and if the gains attributable to that other enterprise are considered gains realized by the enterprise affiliated with the first-mentioned Contracting State.

If the circumstances between these two enterprises are similar to the circumstances between independent enterprises, then in such a case, the other Contracting State shall make appropriate adjustments to the tax that would have been due on those gains. In making this adjustment, the other provisions of this Convention shall be applied.

3- The provisions of paragraph (2) shall not apply in the event of fraud, negligence or wilful default.

**Article Eleven**

**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 only.

2- The term "dividends" as used in this Article means income from shares, jouissance shares or jouissance rights, mining shares, founders' shares or any other rights participating in gains excluding receivables and income subject to the same tax treatment as income derived from shares under the tax legislation of the Contracting State in which the distributing company is resident.

3- 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 or engages in an independent personal services activity through a permanent establishment situated in the other Contracting State in which the company paying the dividends is resident, through a permanent establishment in that other Contracting State from which the services are performed, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or permanent establishment. In such case, the provisions of Article (8) or Article (14) shall apply.

**Article Twelve**

**Benefits**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

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

2- The term "interest" in this Article shall refer to income from debt claims of every kind, whether or not secured by or carrying a right to participate in gains, and in particular, income from government securities and income from bonds or securities, including premiums and prizes attaching to such securities, bonds or securities.

3- The provisions of paragraphs (1 and 2) shall not apply if the beneficial owner of the interest is resident in one of the two States and carries on business in the other State in which the interest arises, through a permanent establishment situated in that other State, or performs in that other State independent personal services. Through a fixed position situated therein, and that the debt security from which the interest is derived is effectively connected with that permanent establishment or fixed position. In such a case, the provisions of Article (8) or Article (15) shall apply, as the case may be, and notwithstanding the provisions contained in paragraph (2). By virtue of this Article, interest arising in a Contracting State shall be exempt from tax in that State if such interest relates to:

(a) the government, political subdivisions or local authorities of the other State and organs thereof.

(b) the central bank of the other Contracting State.

4- These interests shall be deemed to arise in one of the Contracting States when the payer is that Contracting State itself, a political subdivision thereof, a local authority, or a resident of that Contracting State. However, if the person paying the interest, whether a resident or not of one of the Contracting States, has a permanent establishment or a fixed base in one of the Contracting States with which the indebtedness giving rise to the paid interest is effectively connected, and that permanent establishment or fixed base bears such interest, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.

5- If the amount of interest, by reason of a special relationship between the payer and the beneficial owner or between both of them and any other person, exceeds the amount that would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, then 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 law of each State and to the other provisions of this Convention.

**Article Thirteen**

**Royalties**

**\_\_\_\_\_\_\_\_**

1- Royalties arising in a Contracting State and beneficially owned by a resident of the other Contracting State shall be taxable only in that other State.

2- The term "royalties" as used in this Article means payments of any kind received as consideration for the use of, or the right to use, any copyright of artistic, literary or scientific work, including cinematography films and films recorded for radio and television, or any patent, trade mark, design, model or plan of installation or of secret methods, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific expertise.

3- The provisions of paragraph of this Article shall not apply if the beneficial owner of these royalties, being a resident of one of the States, carries on business in the other State in which the royalties arise, either through a permanent establishment situated therein or performs independent personal services from a fixed base situated therein, and the rights or property giving rise to these royalties are effectively connected with such permanent establishment or fixed base. In such a case, the provisions of Article (7) or Article (14), as the case may be, shall apply.

4- The royalties shall be deemed to have arisen in a State if the payer is that State itself, a political subdivision thereof, a local authority or a resident of that State.

However, if the person paying the royalties, whether resident or not in the Contracting State, has a permanent establishment or a fixed base in the State with which the right or property giving rise to the royalties is effectively connected, and such permanent establishment or fixed base bears the royalties, then these royalties shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.

5- 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 State, due regard being had to the other provisions of this Convention.

**Article Fourteen**

**Capital Gains**

**\_\_\_\_\_\_\_\_\_**

1- Gains derived by a resident of a State from the disposal of immovable property referred to in Article Seven and situated in the Contracting State shall be taxable only in the other State.

2- Gains arising 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 from the alienation 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 gains from the alienation of such permanent establishment (alone or with the entire enterprise) or of such fixed base, may be taxed in that other Contracting State.

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

4- Gains derived from the alienation of shares in the capital of a company, the property of which consists directly or indirectly principally of immovable property situated in one of the Contracting States, may be taxable in that State.

5- Gains arising from the alienation of any property other than that referred to in the previous paragraphs, may be taxable only in the Contracting State of which the alienator is a resident.

**Article Fifteen**

**Independent Personal Services**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1- Income derived by a resident of one of the States from professional services or other independent activities of a similar nature shall be taxable only in that State, unless such income is derived from services rendered or activities performed within the other State under the conditions outlined below:

a- If the person has a fixed base regularly available to them for the purpose of performing their activities in the other State, but only to the extent of the income derived from activities carried out in that other State.

b- Or if the person is present in that other State for a period or periods exceeding in the aggregate 183 days in the relevant tax year, and only to the extent of the services performed in that other State.

2- The term "professional services" notably includes independent scientific, literary, artistic, educational and teaching activities, as well as independent activities of doctors, lawyers, engineers, architects, dentists and accountants.

**Article Sixteen**

**Dependent Personal Services**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1- Without prejudice to the provisions of Articles 17, 18, 19, salaries, wages, and other similar remuneration derived by a resident of one of the Contracting States from an occupation shall be taxable only in that Contracting State, unless the occupation is exercised in the other Contracting State. If the occupation is exercised in this manner, the reward derived from it may it shall be taxable only in that other State.

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

a- The recipient of the income is present in the other State for a period or periods not exceeding in the aggregate 183 days in the calendar year concerned.

b- the remuneration is paid by or on behalf of, an employer who is not a resident of the other State.

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 foregoing provisions of this Article, remuneration derived from an occupation exercised aboard a ship or aircraft operated in international traffic may be taxed in the Contracting State in which the effective management of the enterprise is situated.

**Article Seventeen**

**Remuneration of Members of the Board of Directors and Remuneration of Employees at Senior Management Level**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1- Remuneration of members of the Board of Directors and other similar remuneration received by a resident of one of the Contracting States as a member of the Board of Directors or a similar body in a company resident in the other Contracting State shall be taxed in that other State.

2 - Salaries, wages and other similar remuneration derived by a person who is a resident of a Contracting State in his capacity as a senior manager of a company which is a resident of the other Contracting State may be taxed in that other State.

**Article Eighteen**

**Pensions and Life Annuities**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1- Pensions and life annuities arising in a Contracting State and which is beneficially owned by a resident of the other Contracting State shall be taxable only in that other Contracting State.

2- The term "life annuities" refers to a specific amount paid periodically at predetermined intervals or during a specific period, according to an obligation to pay the equivalent of all these instalments in a single sum in cash or in a form that is convertible into cash.

**Article Nineteen**

**Income of Artists and Sportsmen**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1- As an exception to the provisions of Articles (15 and 16) 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 the other State.

2- If income in respect of personal activities exercised by an artist or a sportsman in his capacity as such accrues not to the artist or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles (8,15 and 16), be taxed in the Contracting State in which the activities of the artists or sportsman are exercised.

3- Income derived by an individual who is a national of a Contracting State from engaging temporarily in work as an artist or sportsman in the other Contracting State shall be exempt from the tax imposed therein if the work is performed on the basis of a convention between the two Contracting States within the framework of cultural or sports exchange programmes approved by the two Contracting States or if the major part of his expenses is financed by the other Contracting State or one of its public authorities, political divisions or local units.

**Article Twenty**

**Civil Service Employment**

**\_\_\_\_\_\_\_\_\_\_\_\_\_**

a- Remuneration other than pensions paid by one of the Contracting States or one of its political subdivisions or local authorities to any individual in consideration for services rendered to that State or to one of its political subdivisions or local authorities shall be taxable only in that State.

b- Such remuneration shall be taxable only in the other Contracting State if the services were performed in that Contracting State, the individual was a resident of that State, and among its citizens, and did not become a resident solely for the purpose of rendering the services.

3- The provisions of Articles (16,17 and18) shall apply to rewards and pensions in consideration of services rendered related to commercial or industrial activities carried out by a Contracting State or one of its political subdivisions or local authorities in the same State.

**Article Twenty One**

**Amounts received by Students And Apprentices**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1- A resident of a Contracting State who is temporarily present in the other Contracting State solely for the purpose of:

a- Being a student at a university, college or school in the other Contracting State.

b- Being an apprentice in trade or industry, or an apprentice in a technical field.

c- Receiving a scholarship, grant or award for the purpose of study or research from a religious, charitable, scientific, or educational organization.

Shall not be subject to tax in the other Contracting State with respect to the scholarship.

2- The same rule shall apply to any amount representing rewards received by an individual in consideration of services rendered in the other Contracting State, provided that such services are related to his studies or training and are necessary to cover his living expenses.

**Article Twenty Two**

**Professors, Teachers and Researchers**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1- If a resident of one of the Contracting States is invited by a university, college or institution of higher education or scientific research in the other Contracting State for the sole purpose of visiting for teaching or scientific research, he shall not be subject to tax in that other State with respect to remuneration for such teaching or research.

2- The provisions of paragraph (1) shall not apply to remuneration received in exchange for research conducted not for the public interest but primarily for the private benefit of a specific person or persons.

**Article Twenty Three**

**Other Income**

**\_\_\_\_\_\_\_\_\_\_\_\_**

1- Without prejudice to the provisions of paragraph (2), elements of income of a resident of a Contracting State not addressed in the preceding articles of this Convention shall be subject to tax only in that State, regardless of where these elements are realized.

2- However, if such income is derived by a resident of a Contracting State from sources within the other State, this income shall also be subject to tax in the Contracting State in which it arose, in accordance with the laws of that State.

**Article Twenty Four**

**Elimination Of Double Taxation**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

1- If a resident of one of the two Contracting States derives income from the other Contracting State and such income is, in accordance with the provisions of this Agreement, subject to tax in the other Contracting State, then, without prejudice to the provisions of clause (2) of this Article, the first-mentioned State shall exempt such income from tax.

2- If a resident of one of the two Contracting States derives income from the other Contracting State and such income is subject to tax in the other Contracting State, then the first-mentioned State shall allow a deduction from the income tax of such person equal to the tax paid by him in the other Contracting State, provided that such deduction shall not exceed the fraction of the tax on the income arising in the other Contracting State computed before allowing the deduction.

3- A tax which has been exempted or reduced for a specified period of time in one of the two Contracting States under the domestic laws of that State shall be treated as if it had actually been paid and shall be deducted from the amount of the tax. tax payable on the aforesaid income for the other Contracting State.

**Article Twenty Five**

**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 are or may be subjected.

As an exception to the provisions of Article (1), these provisions shall apply to individuals who are not residents of either of the Contracting States or both of them.

2- Stateless persons who are residents of a Contracting State shall not be subjected in either Contracting State to any taxation or any tax obligations that are different or more burdensome than the taxation or tax obligations to which nationals of the State concerned in the same circumstances, in particular with respect to residence, are or may be subjected.

3- The permanent establishment owned by an enterprise of a Contracting State and situated in the other Contracting State shall not be subject to taxes imposed in that other Contracting State that are more burdensome than the taxes imposed on similar enterprise of that other Contracting State carrying out the same activities.

4- 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.

5- Nothing contained in this Article shall be construed as obliging either Contracting State to grant to individuals resident in the other Contracting State any personal allowances, reductions or deductions for taxation purposes which it grants to individuals resident in that other State by reason of their civil status or family responsibilities.

**Article Twenty Six**

**Exchange of Information**

**\_\_\_\_\_\_\_\_\_\_\_\_\_**

1- The competent authorities of the Contracting States shall exchange necessary information, whether to implement the provisions of this Convention or to enforce tax laws referred to in Article Two of this Convention, as well as the information required to combat tax evasion. Any information obtained by the competent authority of a Contracting State in the application of the provisions of this Article shall be confidential and shall only be disclosed to individuals and authorities involved in the assessment and collection of taxes referred to in this Convention or in resolving related disputes.

2- Nothing in this Article shall be construed as violating the laws or administrative systems of any Contracting State or as exposing the secrets of any commerce, industry, business, profession, business method, or any information, the disclosure of which is considered to be a violation of public policy.

The provisions of this Article shall apply only if a tax law is promulgated in the State of Bahrain.

**Article Twenty Seven**

**Diplomatic and Consular Representation Missions**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**

Nothing in this Convention shall affect the tax privileges of members of diplomatic and consular representation missions or to members of permanent delegations to international organizations under the general rules of international law or under the provisions of special Conventions.

**Article Twenty Eight**

**Mutual Convention 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 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- If the competent authority determines that the objection is justified and has been unable to arrive at an appropriate solution, it shall seek to settle the matter through mutual Convention with the competent authority of the other Contracting State, with the aim of avoiding taxes that contravene the provisions of this Convention.

Any Convention reached shall be applied regardless of the dates stipulated in the domestic laws of the two 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 this Convention.

-4 After the expiration of the period provided in its domestic law, and in any case after the expiration of five years from the end of the tax period in which the income concerned was derived, neither Contracting State may increase the basic tax of a resident of either Contracting State by adding to it items of income which have been subjected to tax in the other Contracting State.

5- The competent authorities of the Contracting States shall mutually agree on the methods of implementing this Convention, especially the obligations to which residents of a Contracting State are subject in order to enjoy the exemptions and tax benefits existing in the other Contracting State in accordance with the Convention.

**Article Twenty Nine**

**Miscellaneous Provisions**

**\_\_\_\_\_\_\_\_\_\_\_\_\_**

1- The application of the provisions of this Convention shall not result in any violation of the tax laws of each of the Contracting States concerning tax evasion combating provisions or regarding taxes imposed on the income of individuals and resulting from their contribution to companies established in either of the Contracting States.

2- The application of the provisions of this Convention shall not result in any violation of any exemptions, reductions, exceptions, or deductions provided for in the tax laws of any Contracting State or in any Convention to which it is a party, either currently or in the future.

**Article Thirty**

**Entry Into Force of the Convention**

**\_\_\_\_\_\_\_\_\_**

1- Each Contracting State shall notify the other Contracting State of the completion of the constitutional and legal measures necessary to ratify the Convention and bring its provisions into force.

2- The Convention shall be deemed effective from the date of completion of the exchange of ratification documents, and its provisions shall enter into force as follows:

a- Regarding taxes withheld at source:

It shall apply to amounts paid or credited to the account from January first of the Gregorian year during which the notification of the completion of the constitutional procedures was exchanged.

b- Regarding other taxes imposed on income:

It shall apply a to tax years beginning from January first of the Gregorian year in which the notification of the completion of the constitutional procedures was exchanged.

**Article Thirty One**

**Termination**

**\_\_\_\_\_\_\_\_\_\_\_\_\_**

This Convention shall remain in force indefinitely. However, any Contracting State may - until June 30 of each year - notify the other Contracting State in writing and through diplomatic channels of its desire to terminate the Convention.

In this case, the operation of the Convention shall cease as follows:

a- Regarding taxes withheld at source:

It shall not apply to amounts paid or credited to the account from January first of the calender year following the year in which the notification is given.

b- Regarding other taxes imposed on income:

It shall not apply to tax years beginning from January first of the calender year following the year in which the notification is given

In witness whereof, the undersigned have signed this Convention by virtue of the authority conferred upon them by their respective States for this purpose.

The present Convention was drawn up in Arabic in the city of Algiers on Sunday 8 of Rabi' al-Awwal 1421 A.H., corresponding to 11 July 2000, in two originals, each of which has the same legal force.

On behalf of the government

On behalf of the government

On State of Bahrain Peoples Democractic Republic of Algeria

Abdulla Hassan Saif Ali Brahiti

Minister of Finance and National Economy Minister Delegate for the Budget