

No. 21845

**FRANCE
and
SRI LANKA**

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at Colombo on 17 September 1981

Authentic texts: French and Sinhalese.

Registered by France on 12 April 1983.

**FRANCE
et
SRI LANKA**

Convention en vue d'éviter les doubles impositions et de prévenir l'évasion fiscale en matière d'impôts sur le revenu. Signée à Colombo le 17 septembre 1981

Textes authentiques : français et cinghalais.

Enregistrée par la France le 12 avril 1983.

[TRANSLATION—TRADUCTION]

CONVENTION¹ BETWEEN THE GOVERNMENT OF THE FRENCH REPUBLIC AND THE GOVERNMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The Government of the French Republic and
The Government of the Democratic Socialist Republic of Sri Lanka,
Desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,
Have agreed as follows:

Article 1. PERSONAL SCOPE

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

Article 2. TAXES COVERED

1. This Convention shall apply to taxes on income imposed on behalf of a State or its 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 items of income, including taxes on the total amounts of wages or salaries and remuneration paid by enterprises.

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

(a) In the case of France:

- (i) The income tax;
- (ii) The corporation tax;
including any withholding tax, prepayment (*précompte*) or advance payment with respect to the aforesaid taxes;
(hereinafter referred to as “French tax”);

(b) In the case of Sri Lanka:

- The income tax;
(hereinafter referred to as “Sri Lanka tax”).

4. The Convention shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the States shall notify each other of important changes which have been made in their respective taxation laws.

5. If by reason of changes made in the taxation law of either State, it seems desirable to amend any article of the Convention without affecting the general principles thereof, the necessary amendments may be made by mutual consent by means of an exchange of

¹ Came into force on 18 November 1982, the date of the last of the notifications (effected on 28 July and 18 November 1982) by which the Parties informed each other of the completion of their legal procedures in accordance with article 27.

diplomatic notes or in any other manner in accordance with the respective constitutional provisions of the two States.

Article 3. GENERAL DEFINITIONS

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

(a) The term “France” means the European departments and overseas departments (Guadeloupe, Guyana, Martinique, Réunion and Saint Pierre and Miquelon) of the French Republic;

The term “Sri Lanka” means the Democratic Socialist Republic of Sri Lanka;

(b) The terms “a State” and “the other State” mean France or Sri Lanka as the context requires;

(c) The term “person” includes an individual, a company and any other body of persons;

(d) The term “company” means any body corporate or any entity which is treated as a body corporate for tax purposes;

(e) The terms “enterprise of a State” and “enterprise of the other State” mean respectively an enterprise carried on by a resident of a State and an enterprise carried on by a resident of the other State;

(f) The term “international traffic” means any transport by a ship or aircraft operated by an enterprise which has its place of effective management in a State, except when the ship or aircraft is operated solely between places in the other State;

(g) The term “competent authority” means:

(i) In the case of France, the minister in charge of the budget or his authorized representative;

(ii) In the case of Sri Lanka, the Commissioner General of Inland Revenue.

2. As regards the application of the Convention by a State, any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the law of that State concerning the taxes to which the Convention applies.

Article 4. RESIDENT

1. For the purposes of this Convention, the term “resident of a 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 or any other criterion of a similar nature. But this term does not include any person who is liable to tax in that State in respect only of income from sources situated in that State.

2. Where, by reason of the provisions of paragraph 1, an individual is a resident of both 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 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 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 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 States, then it shall be deemed to be a resident of the State in which its place of effective management is situated.

4. The terms “resident of a State” and “resident of the other State” mean a resident of France or a resident of Sri Lanka, as the context requires.

Article 5. PERMANENT ESTABLISHMENT

1. For the purposes of this Convention, the term “permanent establishment”, when used with regard to an enterprise, 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;
- (f) A warehouse;
- (g) A mine, an oil or gas well, a quarry or any other place of extraction of natural resources; and
- (h) A farm or plantation.

3. A building site, a construction, assembly or installation project or supervisory activities carried on in connection therewith constitute a permanent establishment where such site, project or activities continue for a period of more than six months.

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, if goods or merchandise are stored, whether in a warehouse or not, solely for the purpose of 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;
- (c) The maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information for the enterprise;
- (d) The maintenance of a fixed place of business solely for the purpose of advertising, including the display of products, for the supply of information, for scientific research or for similar activities of a preparatory or auxiliary character, for the enterprise.

5. A person who acts in a State on behalf of an enterprise of the other State shall be deemed to constitute a permanent establishment in the first-mentioned State if such a person:

- (a) Has and habitually exercises in that State an authority enabling him to conclude contracts in the name of the enterprise, unless his activity is limited to the purchase of goods or merchandise for the enterprise;
- (b) Has no such authority, but habitually maintains goods or merchandise in the first-mentioned State so that he may regularly deliver goods or merchandise on behalf of the enterprise; or
- (c) Habitually receives in the first-mentioned State orders intended wholly or partly for the enterprise itself or for the enterprise and other enterprises controlled by it or which hold a controlling interest in the enterprise.

6. An insurance enterprise of a State shall be deemed to have a permanent establishment in the other State if it collects premiums in that State or insures risks therein through a representative who is not an agent within the meaning of paragraph 7.

7. An enterprise of a State shall not be deemed to have a permanent establishment in the other State merely because it carries on business there through a *bona fide* 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 State controls or is controlled by a company which is a resident of the other State, or which carries on business therein (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 State from immovable property situated in the other State may be taxed only in that other State.

2. The term “immovable property” shall have the meaning which it has under the law of the State in which the property in question is situated. The term shall in any case include property accessory to immovable property 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 also 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 State shall be taxable only in that State unless the enterprise carries on business in the other 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. Where an enterprise of a State carries on business in the other State through a permanent establishment situated therein, there shall in each 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.

However, nothing in this paragraph shall alter the method of computing the profits which a French enterprise derives from the production of tea or other agricultural products of Sri Lanka in accordance with the provisions of the laws of Sri Lanka on the date of the signature of this Convention.

3. 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.

4. 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. SHIPPING AND AIR TRANSPORT

1. Where an enterprise of a State derives profits from shipping operations in the other State, those profits may be taxed in the other State but the tax thus levied shall be reduced by 50 per cent.

2. Profits from the operation of aircraft in international traffic shall be taxable only in the State in which the place of effective management of the enterprise is situated.

3. The provisions of paragraphs 1 and 2 shall also apply to profits from participation in a group, a joint business or an international operating agency, but only in so far as the profits derived therefrom are attributable to the participant in proportion to his rights in the joint business.

Article 9. ASSOCIATED ENTERPRISES

Where:

(a) An enterprise of a State participates directly or indirectly in the management, control or capital of an enterprise of the other State, or

(b) The same persons participate directly or indirectly in the management, control or capital of an enterprise of a State and an enterprise of the other 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 not so accrued, may be included in the profits of that enterprise and taxed accordingly.

Article 10. DIVIDENDS

1. Dividends paid by a company which is a resident of a State to a resident of the other State may be taxed in that other State.

2. However, such dividends may also be taxed in the State of which the company paying the dividends is a resident, and according to the laws of that State.

3. Dividends paid by a company which is a resident of Sri Lanka to a company which is a resident of France shall be exempt from all Sri Lanka tax other than:

(a) The Sri Lanka income tax deducted at the source on dividends paid by that company, and

(b) The supplementary tax referred to in section 37 of the Sri Lanka Inland Revenue Act concerning companies whose stock is not considered as movable property situated in Sri Lanka under the Sri Lanka laws concerning estate duties, but this supplementary tax may not exceed 5 per cent.

4. Where a company which is a resident of France makes a new contribution to the capital of a company which is a resident of Sri Lanka on or after the day on which this Convention enters into force, the Sri Lanka income tax deducted at source on the dividends corresponding to that contribution paid by the company which is a resident of Sri Lanka may not exceed 15 per cent.

5. The provisions of this article shall not apply when a resident of one of the States has a permanent establishment in the other State and the dividends are attributable to that permanent establishment; in this case, the provisions of article 7 of this Convention shall apply.

Article 11. INTEREST

1. Interest received by a bank which is a resident of a State shall be exempt from tax in the other State.

2. Interest receivable from government securities, from bonds and debentures, from deposits or from loans shall be taxable in the State of which the debtor is a resident. However, when the debt-claim to which this interest is attached is contracted on or after the day on which this Convention enters into force, the tax thus levied shall not exceed 10 per cent of the amount of such interest.

3. Interest paid by a resident of a State to a resident of the other State in connection with the sale on credit of any industrial, commercial or scientific equipment or with the preparation of studies for, or the installation or supply of, industrial, commercial or scientific facilities or public works, shall be exempt from tax in the State of which the payer is a resident when such sale, facilities or public works are approved by the Government of that State.

4. Interest payable to a credit agency which is a resident of France in respect of a loan made by that agency to the Government of the Democratic Socialist Republic of Sri Lanka or to a Sri Lanka credit agency with the approval of the Government of the Democratic Socialist Republic of Sri Lanka, whether that loan is in the form of money, goods or services, shall be exempt from Sri Lanka tax.

5. Interest payable to the Government of a State, directly or through an agency of that Government, shall be exempt from taxation in the other State.

6. The provisions of this article shall not apply when a resident of one of the States has a permanent establishment in the other State and the items of income referred to in this article are attributable to that permanent establishment; in this case, the provisions of article 7 of this Convention shall apply.

Article 12. ROYALTIES

1. A royalty or any other sum payable as a consideration for the use of, or the right to use, a copyright or cinematographic films and which a resident of one of the States receives from sources situated in the other State shall be exempt from tax in the latter State.

2. A royalty or any other sum payable as a consideration for the use of, or the right to use, a patent, design or model, plan, secret formula or process, trademark and other similar property rights and which a resident of one of the States receives from sources situated in the other State shall be taxable in the State of which he is a resident.

However, such royalty shall also be taxable in the second State, but the tax thus levied:

- (a) May not exceed 10 per cent in the event that the royalty becomes payable for the first time on or after the day on which this Convention enters into force;
- (b) Shall be reduced by one half in all other cases. All rents or similar payments received as a consideration for the use of, or the right to use, industrial, commercial or scientific equipment shall be treated as royalties.

3. The provisions of this article shall not apply when a resident of a State has a permanent establishment in the other State and the items of income referred to in this article are attributable to such permanent establishment; in this case, the provisions of article 7 of this Convention shall apply.

Article 13. PERSONAL SERVICES

1. Income derived by a resident of a State in respect of professional services or other activities of an independent character shall be taxable only in that State, unless the activities are performed in the other State. If the activities are performed in the latter State, income derived therefrom shall be taxable in that State.

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.

2. Subject to the provisions of articles 14, 15 and 16, salaries, wages and other similar remuneration derived by a resident of a State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

3. An individual who is a resident of Sri Lanka shall be exempt from French tax on the income or remuneration referred to in paragraphs 1 and 2 derived from the performance of professional activities in France, during the course of any taxation year if:

- (a) The individual is present in France for a period or periods not exceeding in the aggregate 183 days in the year concerned, and
- (b) The services are performed for the benefit or on behalf of a resident of Sri Lanka, and
- (c) The income or remuneration is subject to Sri Lanka tax.

4. An individual who is a resident of France shall be exempt from Sri Lanka tax on the income or remuneration referred to in paragraphs 1 and 2 derived from the performance of professional activities in Sri Lanka during any taxation year if:

- (a) The individual is present in Sri Lanka for a period or periods not exceeding in the aggregate 183 days in the year concerned, and
- (b) The services are performed for the benefit or on behalf of a resident of France, and
- (c) The income or remuneration is subject to French tax.

5. Notwithstanding the preceding provisions of this article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic may be taxed in the State in which the place of effective management of the enterprise is situated.

Article 14. DIRECTORS' FEES

Directors' fees and other similar payments derived by a resident of a State in his capacity as a member of the Board of Directors of a company which is a resident of the other State may be taxed in that other State.

Article 15. ENTERTAINERS AND ATHLETES

1. Notwithstanding the provisions of article 13, income derived by a resident of a State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as an athlete from his personal activities as such exercised in the other State may be taxed in that other State.

2. Where income in respect of personal activities exercised by an entertainer or athlete in his capacity as such accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of articles 7 and 13, be taxed in the State in which the activities of the entertainer or athlete are exercised.

Article 16. PENSIONS

1. Subject to the provisions of paragraph 1 of article 17, pensions, annuities, and other similar remuneration paid to a resident of a State in consideration of past employment shall be taxable only in that State.

2. The term “annuity” means a specified amount which is or may be payable periodically at six intervals, for life or for a specified period of time, pursuant to an undertaking to make the payments in return for an equivalent consideration in the form of money, or which can be evaluated in terms of money.

3. Notwithstanding the provisions of paragraph 1, pensions and other payments made under the social security legislation of a State shall be taxable only in that State.

Article 17. GOVERNMENT SERVICE

1. (a) Remuneration, other than a pension paid by a State or a local authority thereof to an individual in respect of services rendered to that State or authority shall be taxable only in that State.

(b) However, such remuneration shall be taxable only in the other State if the services are rendered in that State and if the individual did not become a resident of that State solely for the purpose of rendering the services.

2. Any pension paid by, or out of funds created by, a State or a local authority thereof to an individual in respect of services rendered to that State or authority shall be taxable only in that State.

However, such pension shall be taxable only in the other State if the individual is a resident of that State.

3. The provisions of article 13, paragraphs 2, 14 and 16, shall apply to remuneration and pensions paid in respect of services rendered in connection with a business carried on by a State or a local authority thereof.

Article 18. STUDENTS

1. Payments which a student or business apprentice or the beneficiary of a prize, scholarship or allowance who is or was immediately before visiting a State a resident of the other State and who is present in the first-mentioned State solely for the purpose of his education, his training, research or the preparation of a study, 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.

2. Notwithstanding the provisions of article 13, remuneration which a student or business apprentice or the beneficiary of a prize, scholarship or allowance who is or was immediately before visiting a State, a resident of the other State and who is present in the first-mentioned State solely for the purpose of his education, his training, research or the preparation of a study, derives in respect of services rendered in the first-mentioned State shall not be taxed in the first-mentioned State, provided that such services are in connection with his education, training or research or that the remuneration for such services is necessary to supplement the resources available to him for the purposes of his maintenance.

Article 19. TEACHERS AND RESEARCHERS

Remuneration which a teacher or a researcher who is or was immediately before visiting a State, a resident of the other State, and who is present in the first-mentioned State solely for the purpose of teaching or engaging in research for a period not exceeding two years derives in respect of such activities shall not be taxed in that State.

Article 20. OTHER INCOME

The laws in force in each State shall continue to determine the taxation of income except where this Convention specially provides otherwise.

Article 21. METHODS FOR ELIMINATION OF DOUBLE TAXATION

Double taxation shall be avoided in the following manner:

A. In the case of France

(a) Income other than that referred to in sub-paragraph (b) below shall be exempt from the French taxes referred to in paragraph 1 (a) of article 2 if the income is taxable in Sri Lanka under this Convention.

(b) Income referred to in articles 8, 10, 11, 12, 14 and 15 received from Sri Lanka by a resident of France may be taxed in France. A tax credit shall be allowed in the following conditions:

- (i) In the case of dividends referred to in paragraphs 3 and 4 of article 10, the tax credit shall be equal to 25 per cent of the gross amount of the dividends;
- (ii) In the case of interest referred to in paragraph 2 of article 11, the tax credit shall be equal to 15 per cent of the gross amount of the interest;
- (iii) In the case of royalties referred to in paragraph 2 of article 12, the tax credit shall be equal to 20 per cent of the gross amount of the royalty;
- (iv) In the case of income referred to in articles 8, 14 and 15, the tax credit shall be equal to the amount of Sri Lanka tax actually levied.

Such tax credit shall be allowed against French taxes referred to in paragraph 1 (a) of article 2 in the bases of which such income is included, but it may not exceed the amount of French tax payable on such income;

(c) Notwithstanding the provisions of subparagraphs (a) and (b), French tax is computed on income chargeable in France by virtue of this Convention at the rate appropriate to the total of the income chargeable in accordance with the French laws.

B. In the case of Sri Lanka

(a) Income other than that referred to in subparagraph (b) below shall be exempt from the Sri Lanka tax referred to in paragraph 1 (b) of article 2 if the income is taxable in France under this Convention.

(b) Income referred to in articles 8, 10, 11, 12, 14 and 15 received from France by a resident of Sri Lanka may be taxed in Sri Lanka. A tax credit shall be allowed in the following conditions:

- (i) In the case of dividends referred to in article 10, the tax credit shall be equal to 25 per cent of the gross amount of the dividend;
- (ii) In the case of interest referred to in paragraph 2 of article 11, the tax credit shall be equal to 15 per cent of the gross amount of the interest;
- (iii) In the case of royalties referred to in paragraph 2 of article 12, the tax credit shall be equal to 20 per cent of the gross amount of the royalty;
- (iv) In the case of income referred to in articles 8, 14 and 15, the tax credit shall be equal to the amount of French tax actually levied.

Such tax credit shall be allowed against Sri Lanka taxes referred to in paragraph 1 (b) of article 2, in the bases of which such income is included, but it shall not exceed the amount of Sri Lanka tax payable on such income;

(c) Notwithstanding the provisions of subparagraphs (a) and (b), Sri Lanka tax is computed on income chargeable in Sri Lanka by virtue of this Convention at the rate appropriate to the total of the income chargeable in accordance with the Sri Lanka laws.

Article 22. NON-DISCRIMINATION

1. Nationals of a State shall not be subjected in the other State to any taxation or any requirement connected therewith which is other, higher 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.

2. The term “nationals” means:

- (a) All individuals possessing the nationality of a State;
- (b) All legal persons, partnerships and associations deriving their status as such from the laws in force in a State.

3. Enterprises of a State shall not be subjected in the other State, in respect of profits attributable to their permanent establishments in the other State, to any taxation which is other, higher or more burdensome than the taxation to which enterprises of that other State are or may be subjected in respect of identical profits.

4. Nothing in this article may be construed as

- (a) Obliging a State to grant to persons who are not residents of that State any personal allowances, reliefs and reductions for taxation purposes which are granted, by law, solely to persons who are residents of that State;
- (b) Affecting the supplementary rate of the tax referred to in section 37 of the Sri Lanka Inland Revenue Act.

5. Enterprises of a State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other 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.

6. The provisions of this article shall, notwithstanding the provisions of article 2, apply to taxes of every kind and description.

Article 23. MUTUAL AGREEMENT PROCEDURE

1. Where a person considers that the actions of one or both of the 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 State of which he is a resident. 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 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 States.

3. The competent authorities of the States shall endeavour to resolve by mutual agreement any difficulties arising as to the application of the Convention.

In particular, the competent authorities of the States may consult together to endeavour to agree:

- (a) To the same attribution in both States of the profits attributable to a permanent establishment situated in a State of an enterprise of the other State;
- (b) To the same allocation of income between a resident of a State and an associated person referred to in article 9 who is a resident of the other State.

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 States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take place through a commission consisting of representatives of the competent authorities of the States.

5. The competent authorities of the States may determine, by mutual agreement, the requirements or procedures that may be prescribed, if necessary, for the application of the provisions of this Convention.

Article 24. EXCHANGE OF INFORMATION

1. The competent authorities of the States shall exchange such information available to them under their tax laws or in the normal course of their administration as is necessary for carrying out the provisions of this Convention or of the domestic laws of the States concerning taxes covered by the Convention, in so far as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by article 1. Any information received by a State 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) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes which are the subject of the Convention. 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.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on a State the obligation:

- (a) To carry out administrative measures at variance with the laws and administrative practice of that or of the other 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 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*).

Article 25. DIPLOMATIC AGENTS AND CONSULAR OFFICERS

1. Nothing in this Convention shall affect the fiscal privileges of members of diplomatic missions, of members of consular missions, or of members of permanent missions to international organizations under the general rules of international law or under the provisions of special agreements.

2. This Convention shall not apply to international organizations, to organs or officials thereof and to persons who are members of a diplomatic mission, consular post or permanent mission of a third State, being present in a State and not treated in either State as residents in respect of taxes on income or on capital.

Article 26. TERRITORIAL SCOPE

1. This Convention shall apply

- (a) In the case of Sri Lanka, to the Democratic Socialist Republic of Sri Lanka and to any area beyond the territorial sea of that State which is, in accordance with international law, an area within which Sri Lanka may exercise rights with respect to the sea waters, the sea-bed and the sea subsoil as well as their natural resources;
- (b) In the case of France, to the European and overseas departments of the French Republic and to any area beyond the territorial sea of those departments which is, in accordance with international law, an area within which France may exercise

rights with respect to the sea waters, the sea-bed and the sea subsoil as well as their natural resources.

2. This Convention may be extended, either in its entirety or with any necessary modifications, to the overseas territories of the French Republic which impose taxes substantially similar in character to those to which the Convention applies. Any such extension shall take effect from such date and subject to such modifications and conditions, including conditions as to termination, as may be specified and agreed between the States in notes to be exchanged through the diplomatic channel or in any other manner in accordance with their constitutional procedures.

Article 27. ENTRY INTO FORCE

Each State shall notify to the other the completion of the procedure required by its law for the bringing into force of this Convention. This Convention shall enter into force on the date of the last of such notifications and shall then apply to the taxation year beginning during the calendar year of its entry into force and to the following taxation years.

Article 28. TERMINATION

1. This Convention shall remain in force indefinitely. However, no later than 30 June of any calendar year after 1984, each State may, by giving at least six months' written notice of termination through the diplomatic channel, denounce the Convention for the end of a calendar year.

2. In such an event, its provisions shall apply for the last time to the taxation year beginning during the calendar year immediately following the calendar year in which the termination was notified.

IN WITNESS WHEREOF, the undersigned, duly authorized for that purpose, have signed this Convention.

DONE at Colombo, on 17 September 1981 in duplicate, in the French and Sinhalese languages, both texts being equally authentic.

For the Government
of the French Republic:

[Signed]

JACQUES BOURGOIN
Ambassador of France

For the Government
of the Democratic Socialist Republic
of Sri Lanka:

[Signed]

CHANDIRAPAL CHANMUGAM
Assistant Secretary of the Treasury