

**PROTOCOL AMENDING THE CONVENTION BETWEEN THE
GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES AND THE
GOVERNMENT OF NEW ZEALAND FOR THE AVOIDANCE OF
DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION
WITH RESPECT TO TAXES ON INCOME**

The Government of the Republic of the Philippines and the Government of New Zealand,

Desiring that the Convention between the Government of the Republic of the Philippines and the Government of New Zealand for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income, with Protocol, signed at Manila on the 29th day of April 1980, be amended by both Contracting States,

Have agreed that the following provisions shall be integrated into the Convention:

ARTICLE I

An additional paragraph 2 shall be inserted in Article 9 (Associated Enterprises) of the Convention:

"2. Where a Contracting State includes in the profits of an enterprise of that State - and taxes accordingly - profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the profits so included are profits which might have been expected to have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which might have been expected to have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Convention and the competent authorities of the Contracting States shall if necessary consult each other."

ARTICLE II

Paragraph 2 of Article 10 (Dividends) of the Convention shall be deleted and replaced by the following:

"2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the law of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed 15 percent of the gross amount of the dividends.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid."

ARTICLE III

Paragraph 2 of Article 11 (Interest) of the Convention shall be deleted and replaced by the following:

"2. However, such interest may also be taxed in the Contracting State in which it arises, and according to the law of that State, but if the recipient is the beneficial owner of the interest the tax so charged shall not exceed 10 percent of the gross amount of the interest."

ARTICLE IV

Paragraphs 2 and 3 of Article 12 (Royalties) of the Convention shall be deleted and replaced by the following:

"2. However, such royalties may also be taxed in the Contracting State in which they arise, and according to the law of that State, but if the recipient is the beneficial owner of the royalties, the tax so charged shall not exceed 15 percent of the gross amount of the royalties.

3. The term "royalties" as used in this Article means payments or credits of any kind received as a consideration for:

a) the use of, or the right to use, any copyright (including the use of or the right to use any literary, artistic or scientific work, any data or images, or any films, tapes or other medium used for storing data), patent, design or model, plan, secret formula or process, trademark, or other like property or right;

b) the use of, or the right to use, any industrial, commercial or scientific equipment;

c) the supply of scientific, technical, industrial or commercial knowledge or information;

d) the supply of any assistance that is ancillary and subsidiary to, and is furnished as a means of enabling the application or enjoyment of, any such property or right as is mentioned in sub-paragraph (a), any such equipment as is mentioned in sub-paragraph (b) or any such knowledge or information as is mentioned in sub-paragraph (C);

e) total or partial forbearance in respect of the use or supply of any property or right referred to in this paragraph."

ARTICLE V

Paragraph 2 of Article 23 (Relief from Double Taxation) of the Convention shall be deleted and replaced by the following:

"2. In the case of New Zealand:

Subject to any provisions of the law of New Zealand which may from time to time be in force and which relate to the allowance of a credit against New Zealand tax of tax paid in a country outside New Zealand (which shall not affect the general principle thereof), Philippine tax paid under the laws