

No. 49570

**Mexico
and
Hungary**

Convention between the United Mexican States and the Republic of Hungary for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (with protocol). Mexico City, 24 June 2011

Entry into force: *31 December 2011, in accordance with article 28*

Authentic texts: *English, Hungarian and Spanish*

Registration with the Secretariat of the United Nations: *Mexico, 29 May 2012*

**Mexique
et
Hongrie**

Convention entre les États-Unis du Mexique et la République de Hongrie tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu (avec protocole). Mexico, 24 juin 2011

Entrée en vigueur : *31 décembre 2011, conformément à l'article 28*

Textes authentiques : *anglais, hongrois et espagnol*

Enregistrement auprès du Secrétariat de l'Organisation des Nations Unies : *Mexique, 29 mai 2012*

[ENGLISH TEXT – TEXTE ANGLAIS]

**CONVENTION BETWEEN THE UNITED MEXICAN STATES AND
THE REPUBLIC OF HUNGARY FOR THE AVOIDANCE OF DOUBLE
TAXATION AND THE PREVENTION OF FISCAL EVASION WITH
RESPECT TO TAXES ON INCOME**

The United Mexican States and the Republic of Hungary, desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and to further develop and facilitate their relationship,

Have agreed as follows:

ARTICLE 1

Personal Scope

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

Article 2

Taxes Covered

1. This Convention shall apply to taxes on income imposed on behalf of Mexico or Hungary, 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 taxes on gains from the alienation of movable or immovable property.
3. The existing taxes to which the Convention shall apply are in particular:

(a) in Hungary:

(i) the personal income tax;

(ii) the corporate tax;

(hereinafter referred to as "Hungarian tax");

(b) in Mexico:

(i) the federal Income tax;

(ii) the business flat rate tax;

(hereinafter referred to as "Mexican tax").

4. The Convention shall apply also to any identical or substantially similar taxes that 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 Contracting States shall notify each other of any significant changes that have been made in their respective taxation laws.

ARTICLE 3

General Definitions

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

(a) the term "Hungary" means the Republic of Hungary and, when used in a geographical sense, it means the territory of the Republic of Hungary;

(b) the term "Mexico" means the United Mexican States, when used in a geographical sense it includes the territory of the United Mexican States, as well as the integrated parts of the Federation, the islands, including the reefs and cays in the adjacent waters, the islands of Guadalupe and Revillagigedo, the continental shelf and the seabed and sub-soil of the islands, cays and reefs, the waters of the territorial seas and the inland waters and beyond them the areas over which, in

accordance with the international law, Mexico may exercise its sovereign rights of exploration and exploitation of the natural resources of the seabed, sub-soil and the supra-jacent waters, and the air space of the national territory to the extent and under conditions established by international law;

- (c) the terms "a Contracting State" and "the other Contracting State" mean Mexico or Hungary, as the context requires;
- (d) the term "person" includes an individual, a company and any other body of persons;
- (e) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;
- (f) the term "enterprise" applies to the carrying on of any business;
- (g) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
- (h) the term "international traffic" means any transport by a ship or aircraft operated by a resident of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
- (i) the term "competent authority" means:
 - (i) in the case of Hungary, the Minister for National Economy or his authorised representative;
 - (ii) in the case of Mexico, the Ministry of Finance and Public Credit;
- (j) the term "national" means:
 - (i) any individual possessing the nationality of a Contracting State;
 - (ii) any legal person, partnership, association or other entity deriving its status as such from the laws in force in a Contracting State;
- (k) the term "business" includes the performance of professional services and of other activities of an independent character.

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, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.

ARTICLE 4

Resident

1. For the purposes of this Convention, the term "resident of a Contracting 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, place of incorporation or any other criterion of a similar nature, and also includes that State, and any political subdivision or local authority thereof. This term, however, does not include any person who is liable to tax in that State in respect only of income from sources in that State.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then his status shall be determined as follows:

- (a) he shall be deemed to be a resident only 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 only 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 only 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 only 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 Contracting States shall settle the question by mutual agreement.