

S.I. 9 of 2013**BUSINESS TAX ACT***(Act 28 of 2009)***Business Tax (Double Taxation Agreement)
Regulations, 2013**

In exercise of the powers conferred by section 79 of the Business Tax Act, the Minister of Finance, Trade and Investment hereby makes the following Regulations —

1. These Regulations may be cited as the Business Tax (Double Taxation Agreement) Regulations, 2013.

Citation

2. It is hereby declared that the Government of the Republic of Seychelles and the Republic of Malawi have entered into an Agreement for the purpose of avoidance of double taxation and prevention of fiscal evasion with respect to taxes on income and the Agreement shall have effect in relation to the tax imposed under the Act.

Declaration and
effect of
Agreement**AGREEMENT BETWEEN THE GOVERNMENT OF
THE REPUBLIC OF MALAWI AND THE REPUBLIC
OF SEYCHELLES FOR THE AVOIDANCE OF
DOUBLE TAXATION WITH RESPECT TO TAXES
ON INCOME****PREAMBLE**

The Government of the Republic of Malawi and the Government of the Republic of Seychelles, desiring to conclude an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,

HAVE AGREED AS FOLLOWS:**Article 1
Persons Covered**

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

**Article 2
Taxes Covered**

1. This Agreement shall apply to taxes on income imposed on behalf of a Contracting State 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 Agreement shall apply are:
 - (a) In the case of Malawi
 - (i) The income tax; and
 - (ii) The fringe benefits tax;(Hereinafter referred to as “Malawi tax”); and
 - (B) In the case of Seychelles :
 - (i) The business tax;
 - (ii) The personal income and non-monetary benefits tax; and
 - (iii) The petroleum income tax;(hereinafter referred to as “Seychelles tax”).

4. This Agreement shall also apply to any to any identical or substantially similar taxes that are imposed after the date of signature of this Agreement in addition to, or in place of, the existing taxes. The competent authorities of the contracting sates shall notify each other of any significant changes which have been made in the respective taxation laws.

Article 3 General Definitions

1. For the purposes of this Agreement, unless the context otherwise requires:
 - (a) the term “Malawi” means the Republic of Malawi and includes all the territory comprising of Malawi accordance with the constitution of the Republic of Malawi ;
 - (b) the term “Seychelles” means the territory of the Republic of Seychelles including its exclusive economic zone and continental shelf where Seychelles exercises sovereign rights and jurisdiction in conformity with the provision of the United Nations Convention on the Law of the Sea;
 - (c) the term “a Contracting State” and “the other Contracting State” mean Malawi or Seychelles, as the context requires;
 - (d) the term “business” includes the performance of professional services and of an independent character ;
 - (e) the term “company” means any body corporate or any entity that is treated as a body corporate for tax purposes ;

- (f) the term “competent authority” means:
 - (i) in the case of Malawi, the Minister of Finance or his authorized representative; and
 - (ii) in the case of Seychelles, the Minister responsible for Finance or his authorized representative;
- (g) the term “enterprise” applies to the carrying on of any business;
- (h) the term “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;
- (i) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
- (j) the term “national” means:
 - (i) any individual possessing the nationality or citizenship of a Contracting State; and
 - (ii) any legal person, partnership or association deriving its status as such from laws in force in a Contracting State;
- (K) the term “person” includes an individual, a company and any other body of persons that is treated as an entity for tax purposes;

- (L) the term “tax” means Malawi tax or Seychelles tax, as the context requires, but shall not include any amount which is payable as penalty in respect of any default or omission in relation to the taxes to which this Agreement applies.
2. As regards the application of the Agreement 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 Agreement 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 purpose of this Agreement, the term “resident of a Contracting State” means any person who, under the laws of the State, is liable to tax therein by reasons of his domicile, residence, place of incorporation or registration, place of management, or any other criterion of a similar nature.

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 or capital therein.

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) the individual shall be deemed to be a resident only of the State in which a permanent home is available to the individual; if a permanent home is available to the individual in both States, the individual shall be deemed to be a resident only

- of the State with which the individual's personal and economic relations are closer (center of vital interest)
- (b) if the State in which the person has center of vital interests cannot be determined, or the person does not have a permanent home available in both State, the individual shall be deemed to be a resident only of the State in which the individual has an habitual abode;
 - (c) if the individual has an habitual abode in both States or in neither of them, the individual shall be deemed to be a resident only of the State in which the individual is a national;
 - (d) if the individual 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.
3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident only of the State in which its place of effective management is situated.

Article 5

Permanent Establishment

- 1. For the purposes of this Agreement, the term "permanent establishment" 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 mine, an oil gas well, a quarry or any other place of extraction or exploitation of natural resources;
 - (g) a building site or construction or assembly or installation project or supervisory activity connected therewith where such site, project or activity continues for a period of more than 183 days;
 - (h) the furnishing of services, including consultancy services, by an enterprise through employees or the other personnel engaged by the enterprise for such purpose, but only where activities of the nature continue for the same or a connected project within the Contacting State for a period or periods exceeding in the aggregate 90 days in any twelve month period commencing or ending in the fiscal year concerned.
3. Notwithstanding the preceding provisions of the 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 for 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 paragraph 1 and 2, where a person - other than an agent of an independent status to whom paragraph 5 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 State in respect of any activities which that person undertakes for the enterprise, unless the activities of such a person are limited to those mentioned in paragraph 3 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 shall not be deemed to have a permanent establishment in a Contracting State merely because it

carries on business in that State through a 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.

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 6

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. For the purpose of this Article, the term "agriculture" includes fish farming, breeding, processing and raising aquatic species including specifically prawns, crayfish oysters and shell fish.
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 provision 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 shall also be considered as "immovable property". Ships, boats, aircraft and rail or road transport vehicles shall not be regarded as immovable property.

3. The provision of paragraph 1 shall 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.

Article 7
Business Profits

1. The profits 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 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. Subject to the provision of paragraph 3 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 profits which it might be expected to make if it were a distinct and separated enterprise engaged in the same similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment
3. In determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purpose of the business of the permanent establishment, including executive and general administrative expenses so incurred, whether in the Contracting State in which the permanent establishment is situated or elsewhere.

4. Insofar as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary. The method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this Article.
5. 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 for the enterprise.
6. For the purpose of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.
7. Where profits include items of income which are dealt with separately in other Articles of this Agreement, then the provisions of those Articles shall not be affected by the provisions of this Article.

Article 8 **Shipping and Air Transport**

1. Profits from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.
2. For the purpose of this Article, profits from the operation in international traffic of ships or aircraft shall include in particular:

- (a) profits derived from the rental or lease by the enterprise on a bare boat charter basis of ships or aircraft used in international traffic where such rental or lease is ancillary to the transportation of passengers or cargo; and
 - (b) profits derived from the use, maintenance, rental or lease of containers by the enterprise where such use, maintenance, rental or lease is ancillary to the transportation of cargo.
3. If the place of effective management of a shipping enterprise is aboard a ship or boat, then it shall be deemed to be situated in the Contracting State in which the home harbor of the ship or boat is situated, or, if there is no such home harbor, in the Contracting State of which the operator of the ship or boat is a resident.
4. The provisions of paragraph 1 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

Article 9

Associated Enterprises

1. Where:
 - (a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or
 - (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting 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 accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

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 where the competent authorities of the Contracting States agree, upon consultation, that all or part of the profits so included are profits which would have accrued to the enterprises of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State may make an appropriate adjustment to the amount of the tax charges therein on those agreed profits. In determining such adjustment, due regard shall be had to the other provisions of the Agreement.

Article 10 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.
2. However, such dividends may also be in taxed in the Contracting State of which the company paying the dividend is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed:
 - (a) 5 percent of the gross amount of the dividends if the beneficial owner is a company which holds

directly at least 25 percent of the capital of the company paying the dividends;

- (b) 10 percent of the gross amount of the dividends in all other cases.

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

3. The term "dividends" as used in this Article means income shares or other rights participating in profits (not being debt-claims), as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by laws of the Contracting State of which the company making this distribution is a resident.
4. 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 in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, and holding in respect of which the dividends are paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.
5. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment situated in that other State, nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if the dividends paid or the undistributed profits consist

wholly or partly of profits or income arising in such other State.

Article 11
Interest

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State.
2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10 percent of the gross amount of the interest.
3. The term "interest" as used in this Article means income from debt - claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.
4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State, in which the interest arises, through a permanent establishment situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment. In such case, the provisions of Article 7 shall apply.
5. Interest shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where,

however, the person paying the interest, whether that person is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the State in which the permanent establishment is situated.

6. 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 interest, having regard to the debt-claim for which it is 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 of interest. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

Article 12 Royalties

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.
2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the royalties.
3. The term "royalties" as used in this Article means payments of any kind received as a consideration for:

- (a) the use of, or right to use any patent, invention, design or model, secret formula or process, trademark, or other like property or right;
 - (b) the use of, or right to use of any copyright of a literary, artistic, or scientific work (including computer software, cinematograph films or video tapes or discs for use in connection with radio or television broadcasting;
 - (c) the receipt of, or right to receive, any visual images or sounds, or both, transmitted by satellite, cable, optic fibre, or similar technology in connection with television, radio, or internet broadcasting;
 - (d) the supply of any technical, industrial, commercial, or scientific knowledge, experience, or skill;
 - (e) the use of or right to use any industrial, commercial, or scientific equipment; or
 - (f) 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 property or right referred to in paragraphs (a) through (e).
4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment. In such case, the provisions of Article 7 shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where, however, the person paying the royalties, whether that person is a resident of a Contracting State or not, has in Contracting State a permanent establishment with which the right or property in respect of which the royalties are paid is effectively connected, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the State in which the permanent establishment is situated.
6. 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 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 Contracting State, due regard being had to the other provisions of this Agreement.

Article 13 Capital Gains

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in that other State.
2. Gains 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, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise), may be taxed in that other State.

3. Gains of 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 from the alienation of shares of the capital stock of a company the property of which consists directly or indirectly principally of immovable property situated in a Contracting State may be taxed in that State.
5. Gains derived by an enterprise of a Contracting State from the alienation of containers (including trailers, barges, and related equipment for the transport of containers) used for the transport in international traffic of goods or merchandise shall be taxable only in that State.
6. Gains from the alienation of property, other than that referred to in the preceding paragraphs, shall be taxable only in the Contracting State of which the alienator is a resident.

Article 14 **Income from Employment**

1. Subject to the provisions of Articles 15, 17 and 18, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived there from may be taxed in that other State.
2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the

other Contracting State shall be taxable only in the first mentioned State if:

- (a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned, and
 - (b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and
 - (c) the remuneration is not borne by a permanent establishment which the employer has in the other State.
3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Contracting State may be taxed in that State.

Article 15 Directors' Fees

Directors' fees and similar payments derived by a resident of a Contracting State in that person's capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other State.

Article 16 Artistes and sportsmen

1. Notwithstanding the provision of Articles 7 and 14, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsman,

from that person's personal activities as such exercised in the other Contracting State, may be taxed in that other State.

2. Where income in respect of personal activities exercised by an entertainer or a sportsman in that person's capacity as such accrues not to the entertainer or sportsman but to another person, that income may, notwithstanding the provisions of Articles 7 and 14 be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.
3. Income derived by a resident of a Contracting State from activities exercised in the other Contracting State as envisaged in paragraphs 1 and 2 of this Article, shall be exempt from tax in other State if the visit to that other State is supported wholly or mainly by public funds of the first mentioned Contracting State or takes place under a cultural Agreement or arrangement between the Governments of the Contracting States.

Article 17

Pensions

Subject to the provisions of paragraph 2 or Article 18, pensions and other similar remuneration, and annuities, arising in a Contracting State and paid to a resident of the other Contracting State, may be taxed in the first-mentioned State.

Article 18

Government Services

1. (a) Salaries, wages and other similar remuneration, other than a pension, paid by a Contracting State to an individual in respect of services rendered to that State shall be taxable only in that State.

- (b) However, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State who:
- (i) is a national of that State; or
 - (ii) did not become a resident of that State solely for the purpose of rendering the services.
2. The provisions of Articles 14, 15, 16 and 17 shall apply to salaries, wages and, other similar remuneration, and to pensions, in respect of services rendered in connection with a business carried on by a Contracting State.

Article 19 **Students and Business Apprentices**

A student or business apprentice who is present in a Contracting State solely for the purpose of the student or business apprentice's education or training and who is, or immediately before being so present was, a resident of the other Contracting State, shall be exempt from tax in the first-mentioned State for the purposes of the student or business apprentice's maintenance, education or training.

Article 20 **Professors and Teachers**

1. Notwithstanding the provisions of Articles 14, a professor or teacher who makes a temporary visit to one of the Contracting States for a period not exceeding two years from the date of first arrival in that State, solely for the purpose of teaching or carrying out research at a university, college, school or other

educational institution in that State and who is, or immediately before such visit was, a resident of the other Contracting State shall, in respect of remuneration for such teaching or research, be exempt from tax in the first-mentioned State, provided that such remuneration is derived by the professor or teacher from outside that State or such remuneration is not borne by a University, college, school or other educational institution in the first-mentioned State.

The provisions of this Article shall not apply to income from research if such research is undertaken not in the public interest but wholly or mainly for the private benefit of a specific person or persons.

Article 21

Other Income

1. Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Agreement shall be taxable only in that State.
2. The provisions of paragraph 1 shall not apply to income, other income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein and the right of property in respect of which the income is paid is effectively connected with such permanent establishment. In such case the provision of Article 7 shall apply.
3. Notwithstanding the provisions of paragraph 1 and 2, items of income of a resident of a Contracting State not dealt with in the foregoing Article of the Agreement and arising in the Contracting State may also be taxed in that other Contracting State.

Article 22
Elimination of Double Taxation

1. Where a resident of a Contracting State derives income which, in accordance with the provisions of this Agreement, may be taxed in other Contracting State, the first-mentioned State shall allow, as a deduction from the tax on the income of the resident, an amount equal to the income tax paid in that other State. Such deduction in either case, shall not, exceed that part of the income tax, as computed before the deduction . given, which is attributable as the case may be, to the income which may be taxed in the other State.
2. The tax payable in a Contracting State mentioned in paragraph 1 shall be deemed to include the tax which would have been payable but for the tax incentive granted under the laws of that Contracting State and which are designed to promote economic development.
3. A grant given by a Contracting State to a resident of the other Contracting State in accordance with laws which establish schemes for the promotion of economic development, such schemes having been mutually agreed by the competent authorities of the Contracting States as qualifying for the purposes of this paragraph, shall be taxable only in the first-mentioned State.

Article 23
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 requirement to which nationals of the other State in the same circumstances, in particular with respect to

residence are or may be subjected. This provision shall, notwithstanding the provision of Article 1, also apply to persons who are not residents of one or both of the Contracting States.

2. The taxation on a permanent establishment which an enterprise of a Contracting State shall not be less favorably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowance, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.
3. Except where the provisions of paragraph 1 of Article 9, paragraph 6 of Article 11, or paragraph 6 of Article 12 apply, interest, royalties and to other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State.
4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirements 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. The provisions of this Article shall not be construed as preventing a Contracting State from imposing on the profits attributable to a permanent establishment in

that Contracting State of a company which is a resident of the Contracting State, a tax at a rate which does not exceed the rate of income tax or normal tax on companies, as the case may be, by more than 5 percentage points.

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

Article 24 **Mutual Agreement Procedure**

1. Where a person considers that the actions of one or both Contracting State result or will result for that person in taxation not in accordance with the provisions of this Agreement, that person may, irrespective of the remedies provided by the domestic law of those States, present a case to the competent authority of the Contracting State of which the person is a resident or, if the case comes under paragraph 1 of Article 23, to that of the Contracting State of which the person 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 Agreement.
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 Contracting State, with a view to the avoidance of taxation which is not in accordance with the Agreement. Any Agreement reached shall be implemented notwithstanding any time-limits in the domestic law of the 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 Agreement. They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.

4. The competent authorities of the Contracting States may communicate with each other directly, including through a joint commission consisting of themselves or their representatives, for the purpose of reaching an Agreement in the sense of the preceding paragraphs.

Article 25 **Exchange of Information**

1. The competent authorities of the contacting States shall exchange such information as it foreseeably relevant for carrying out the provisions of this Agreement or to the administration or enforcement of the domestic laws concerning taxes covered by this Agreement insofar as the taxation there under is not contrary to the Agreement. The exchange of information is not restricted by Article 1.
2. Any information received under paragraph 1 by Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of the at State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or judicial decisions.
3. In no case shall the provisions of paragraph 1 be construed so as to impose on a Contracting State the obligation:

- (a) to carry out administrative measures at variance with the laws and the administrative practice of that or of the other Contracting 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 Contracting State;
 - (c) to supply information which would disclose a trade, business, industrial, commercial or professional secret or trade process or information, the disclosure of which would be contrary to public policy (*ordre public*).
4. If the information is requested by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.
 5. In no case shall the provisions of paragraph 3 b. be construed to permit a Contracting State to decline to supply information requested by the other Contracting State because the information is held by a bank, other financial institution, nominee or person acting in an agency or fiduciary capacity or because it relates to ownership interests in a person.
 6. The competent authorities of the Contracting States shall agree upon the mode of application of this Article.

Article 26
Assistance in the Collection of Taxes

1. The Contracting States shall lend assistance to each other in the collection of revenue claims. This assistance is not restricted by Article I.
2. The term "revenue claim" as used in this Article means an amount owed in respect of taxes referred to in Article 2, imposed on behalf of the Contracting States, insofar as the taxation there under is not contrary to this Agreement or any other instrument to which the Contracting States are parties, as well as interest, administrative penalties and costs of collection or conservancy related to such amount.
3. When a revenue claim of a Contracting State is enforceable under the laws of that State and is owed by a person who, at that time, cannot, under the laws of that State, prevent its collection, that revenue claim shall, at the request of the competent authority of that State, be accepted for purposes of collection by the competent authority of the other Contracting State. That revenue claim shall be collected by that other State in accordance with the provisions of its laws applicable to the enforcement and collection of its own taxes as if the revenue claim were a revenue claim of that State.
4. When a revenue claim of a Contracting State is a claim in respect of which that State may, under law, take measures of conservancy with a view to ensure its collection, that revenue claim shall, at the request of the competent authority of that State, be accepted for purposes of taking measures of conservancy by the competent authority of the other Contracting State. That other State shall take measures of conservancy in respect of that revenue claim in accordance with the

provisions of its laws as if the revenue claim were a revenue claim of that other State even if, at the time when such measures are applied, the revenue claim is not enforceable in the first-mentioned State or is owed by a person who has a right to prevent its collection.

5. Notwithstanding the provisions of paragraphs 3 and 4, a revenue claim accepted by a Contracting State for purposes of paragraph 3 or 4 shall not, in that State, be subject to time limits or accorded any priority applicable to a revenue claim under the laws of that State by reason of its nature as such. In addition, a revenue claim accepted by a Contracting State for the purposes of paragraph 3 or 4 shall not, in that State, have any priority applicable to that revenue claim under the laws of the other Contracting State.
6. Proceedings with respect to the existence, validity or the amount of a revenue claim of a Contracting State shall not be brought before the courts or administrative bodies of the other Contracting State.
7. Where, at any time after a request has been made by a Contracting State under paragraph 3 or 4 and before the other Contracting State has collected and remitted the relevant revenue claim to the first-mentioned State, the relevant revenue claim ceases to be:
 - (a) in the case of a request under paragraph 3, a revenue claim of the first-mentioned State that is enforceable under the laws of that State and is owed by a persons who, at that time, cannot, under the laws of that State, prevent its collection, or
 - (b) in the case of a request under paragraph 4, a revenue claim of the first-mentioned State in respect of which that State may, under its laws,

take measures of conservancy with a view to ensure its collection.

the competent authority of the first-mentioned State shall promptly notify the competent State authority of the other State of that fact and, at the option of the other State, the first-mentioned State shall either suspend or withdraw its request.

8. In no case shall the provisions of this Article be construed so as to impose on a Contracting State the obligation:
- (a) to carry out administrative measures at variance with the laws and administrative practice of that or the other Contracting State;
 - (b) to carry out measures which would be contrary to public policy (*ordre public*);
 - (c) to provide assistance if the other Contracting State has not pursued all reasonable measures of collection or conservancy, as the case may be, available under its laws or administrative practice;
 - (d) to provide assistance in those cases where the administrative burden for that State is clearly disproportionate to the benefit to be derived by the other Contracting State.

The competent authorities of the Contracting States shall agree upon the mode of application of this Article.

Article 27

Members of Diplomatic Missions and Consular Posts

Nothing in this Agreement shall affect the fiscal privileges of members of diplomatic missions or consular posts under the general rules of international law or under the provisions of special Agreements.

Article 28
Entry into Force

1. Each of the Contracting State shall notify to the other, by means of exchange of diplomatic notes, the completion of the procedures required by law for the bringing into force of this Agreement. The Agreement shall enter into force on the date of receipt of the later of these notifications.
2. The provisions of this Agreement shall have effect:
 - (a) in Malawi:

in respect of taxes on income relating to the fiscal year (including accounting periods beginning in any such year) next following that in which Agreement enters into force and subsequent years; and
 - (b) in Seychelles:
 - (i) in respect of taxes withheld at source, in respect of amounts paid or credited on or after the thirtieth day following the date upon which the Agreement enters into force; and
 - (ii) in respect of other taxes, in respect of years of assessment beginning on or after the date upon which this Agreement enters into force.

Article 29
Termination

1. This Agreement shall remain in force indefinitely but either of the Contracting States may terminate the Agreement, through the diplomatic channels, by giving to the other Contracting State written notice of

termination not later than 30 June of any calendar year starting five years after the year in which the Agreement entered into force.

2. In such event the Agreement shall cease to apply:

(a) in Malawi:

in respect of taxes on income relating to fiscal year (including accounting periods beginning in such year) next following that specified in the notice of termination; and

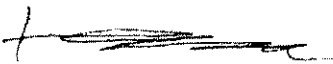
(b) in Seychelles:

(i) in respect of taxes withheld at source, in respect of amounts paid or credited after the end of the calendar year in which such notice is given; and

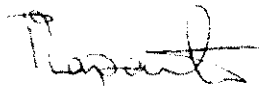
(ii) in respect of other taxes, in respect of taxable years beginning after the end of the calendar year in which such notice is given.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have signed this Agreement.

DONE at Victoria in duplicate, this 6th day of September 2012.



FOR THE GOVERNMENT
OF THE REPUBLIC OF
MALAWI



FOR THE GOVERNMENT
OF THE REPUBLIC OF
SEYCHELLES

MODE OF APPLICATION FOR THE APPLICATION FOR THE EXCHANGE OF INFORMATION BETWEEN THE GOVERNMENT OF THE REPUBLIC OF MALAWI AND THE GOVERNMENT OF THE REPUBLIC OF SEYCHELLES REGARDING ARTICLE 25 OF THE AGREEMENT

Desiring to facilitate the exchange of information with respect to taxes in accordance with the Agreement for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (hereinafter referred to as "the Agreement"), the Government of the Republic of Malawi and the Government of the Republic of Seychelles have agreed on the following provisions (this "Arrangement") with respect to the application of Article 25 of the Agreement.

1. It is agreed that the competent authority of the requested State shall provide information on request of competent authority of the State for purposes referred to in the Agreement.
2. The competent authority of the requesting State shall provide in support of its written request to the competent authority of the requested State, relevant evidences and include the following information when presenting a request for information under the Agreement, to demonstrate the foreseeable relevance of the information requested:
 - (a) the identity of the person under examination or investigation and, if banking records are sought by the applicant State, the identity of the specific bank from which information is sought; and in every case a Statement of all supporting evidences and other circumstantial proofs which the request is based upon;
 - (b) the precise period on which information is requested;

- (c) the nature and the form in which the requesting State wishes to receive the information from the requested State;
- (d) the tax purpose for which the information is requested;
- (e) a Statement of whether or not the person under examination or investigation has committed or is suspected of having committed an offence under the laws of the requesting State; and, if so, specify the nature of offence or suspected offence, with reference to the applicable statute or other law of the requesting State;
- (f) reasons which allow the requested State to conclude that the information requested is held in the requested State or is in the possession or under the control of a person within the jurisdiction of the requested State;
- (g) the name and, to the extent known, address of any person which the requesting State believes to be in possession of the requested information;
- (h) a written declaration that the request is in conformity with the law, regulations and the recognised administrative practices of the requesting State, that if the requested information was within the jurisdiction of the requesting State, then the competent authority of the requesting State would be able to obtain the information under the laws of the applicant State or in the normal course of administrative practices and that it is in conformity with this Agreement;
- (i) a Statement that the requesting State has pursued all means available in its own territory to obtain the information, except those that would give rise to disproportionate difficulties.

3. The competent authority of the requested State may seek clarification of the request from the requesting State and may decline to provide the requested information when the request is not made in conformity with the Agreement or in accordance with this Arrangement.
4. The competent authorities of each Stage agree that the requesting State shall reimburse the requested State and may decline to provide the requested information when the request is not made in conformity with the Agreement or in accordance with this Arrangement.

Direct/extraordinary costs do not include ordinary administrative and overhead expenses incurred in reviewing and responding to information requests submitted by the requesting State.

If a direct/extraordinary cost pertaining to a specific request is expected to exceed four hundred euro's (€400), the requested State will contact the competent authority of the requesting State to determine whether the requesting State wishes to pursue the request and to bear the cost.

Examples of direct/extraordinary costs include, but are not limited to, the following :-

- (i) legal fees for non-Government counsel appointed or retained with approval of the competent authority of the requesting State, for litigations in the courts or pre-litigations processes of requested State related to a specific request for information;
- (ii) reasonable costs for stenographic reports of interviews, depositions or testimony
- (iii) reasonable costs of locating, reproducing and transporting documents or records to the competent authority of the applicant State;

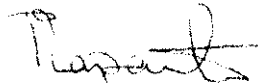
- (iv) fees and expenses, determined in accordance with amounts allowed under applicable law or common practices, of a person who voluntarily appears in the requested State interview, deposition or testimony relating to a particular information request; and
 - (v) reasonable remuneration for persons, if any, hired by the government of the requested State, specifically and exclusively to administer requests received under the Agreement.
5. The competent authorities may jointly decide, in writing, to amend this Arrangement at any time. They may agree on a format to be used for request of information.
6. Any amendment will take effect from the date of the jointly signed letter confirming the amendment.

This Arrangement shall be binding on the parties hereto

DONE in duplicate at Victoria on the 6th September, in the English language.



FOR THE GOVERNMENT
OF THE REPUBLIC OF
MALAWI



FOR THE GOVERNMENT
OF THE REPUBLIC OF
SEYCHELLES

MADE this 6th day of February 2013.

PIERRE LAPORTE
MINISTER OF FINANCE, TRADE
AND INVESTMENT
