

**PROTOCOL
AMENDING THE CONVENTION
BETWEEN
THE GOVERNMENT OF THE KINGDOM OF BAHRAIN
AND
THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF PAKISTAN
FOR THE AVOIDANCE OF DOUBLE TAXATION
AND
THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES
ON INCOME**

The Government of the Kingdom of Bahrain and the Government of the Islamic Republic of Pakistan,

Desiring to conclude a Protocol amending the Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income, signed at Islamabad on June 27th, 2005 (hereinafter referred to as the “**Convention**”),

Have agreed as follows:

Article 1

Sub-paragraph (e)(i) and (ii) of paragraph (1) of Article 3 shall be replaced by the following:

- “(i) in the case of Bahrain the Minister of Finance and National Economy or his authorised representative;” and
- (ii) in the case of Pakistan, the Federal Board of Revenue or its authorised representative”

Article 2

Article 8 of the convention shall be replaced by the following:

“Article 8”
SHIPPING AND AIR TRANSPORT

1. Profits from the operation of 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. Profits from the operation of ships in international traffic may be taxed in the Contracting State in which the effective management of the enterprise is situated. However, such profits derived from sources within the other Contracting State may also be taxed in that other State in accordance with its domestic law, provided that the tax so charged in that other state shall be reduced by 50 per cent.
3. For the purposes of this Article, profits from the operation of ships or aircraft in international traffic include:
 - a) Profits from rental on a bareboat basis of ships or aircraft; and
 - b) Profits from the use, maintenance or rental of containers (including trailers and related equipment for the transport of containers) used for the transport of goods or merchandise; where such rental or such use, maintenance or rental, as the case may be, is incidental to the operation of ships or aircraft in international traffic.
4. If the place of effective management of a shipping enterprise or of an inland waterways transport enterprise is aboard a ship or boat then it shall be deemed to be situated in the Contracting State in which the harbour of the ship or boat is situated, or if there is no such home harbour, in the Contracting State of which the operator of the ship or boat is a resident.
5. The provisions of paragraph 1 and 2 shall also apply to profits from the participation in a pool, a joint business or an international operating agency, but only to so much of the profits so derived as is attributable to the participant in proportion to its share in the joint operation.”

Article 3

Article 25 of the Convention shall be replaced by the following:

"Article 25"

EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Convention or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions, insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Articles 1 and 2.

2. Any information received under paragraph 1 by a Contracting 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) 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 in judicial decisions. Notwithstanding the foregoing, information received by a Contracting State may be used for other purposes when such information may be used for such other purposes under the laws of both States and the competent authority of the supplying State authorizes such use.

3. In no case shall the provisions of paragraphs 1 and 2 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 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 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).

4. If 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 be construed to permit a Contracting State to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person."

Article 4

1. This Protocol shall enter into force on the date of the receipt of the later notifications under which the Contracting States inform through diplomatic channels that all legal procedures for the entry into force of this Protocol have been completed.
2. The provisions of this Protocol shall form an integral part of the Convention for Avoidance of Double Taxation and Prevention of Fiscal Evasion with Respect to Taxes on income signed on June 27th, 2005.
3. This Protocol shall cease to be effective at such time as the Convention is terminated in accordance with Article 28.

IN WITNESS WHEREOF the duly authorized representatives of the Contracting States, have signed this Protocol.

DONE in duplicate in Islamabad on the 8th day of April 2019, in the Arabic and English languages, both texts being equally authentic. In case there is any discrepancy in the text or divergence in interpretation between the Arabic and English texts, the English text shall prevail.

For the Government of the
Kingdom of Bahrain

For the Government of the
Islamic Republic of Pakistan