

AGREEMENT

BETWEEN

THE GOVERNMENT OF THE KINGDOM OF BAHRAIN

AND

THE GOVERNMENT OF CANADA

FOR THE EXCHANGE OF INFORMATION

ON TAX MATTERS

The Government of the Kingdom of Bahrain and the Government of Canada, desiring to facilitate the exchange of information with respect to taxes,

HAVE AGREED AS FOLLOWS:

Article 1
Object and Scope of this Agreement

1. The competent authorities of the Contracting Parties shall provide assistance through exchange of information that is foreseeably relevant to the administration and enforcement of the domestic laws of the Contracting Parties concerning taxes covered by this Agreement. Such information shall include information that is foreseeably relevant to the determination, assessment and collection of such taxes, the recovery and enforcement of tax claims, or the investigation or prosecution of tax matters. Information shall be exchanged in accordance with the provisions of this Agreement and shall be treated as confidential in the manner provided in Article 8.
2. The rights and safeguards secured to persons by the laws or administrative practice of the requested Party remain applicable to the extent that they do not unduly prevent or delay effective exchange of information.

Article 2
Jurisdiction

A Requested Party is not obligated to provide information which is neither held by its authorities nor in the possession or control of persons who are within its territorial jurisdiction.

Article 3
Taxes Covered

1. The existing taxes to which this Agreement shall apply are in particular:
 - (a) in Bahrain to income tax payable under Amiri Decree No. 22/1979 ("The Oil Tax"); and
 - (b) in Canada, all taxes imposed or administered by the Government of Canada.
2. This Agreement shall apply also 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 Parties shall notify each other of any significant changes that have been made in their taxation laws.

Article 4
Definitions

1. For the purposes of this Agreement, unless otherwise defined:

- (a) the term "Bahrain" means, the territory of the Kingdom of Bahrain as well as the maritime areas, seabed and subsoil over which Bahrain exercises, in accordance with international law, sovereign rights and jurisdiction;
- (b) the term "Canada" means:
 - (i) the land territory, air space, internal waters and territorial sea of Canada;
 - (ii) the exclusive economic zone of Canada, as determined by its domestic law pursuant to Part V of the United Nations Convention on the Law of the Sea (UNCLOS); and
 - (iii) the continental shelf of Canada, as determined by its domestic law pursuant to Part VI of UNCLOS;
- (c) the term "Contracting Party" means Bahrain or Canada as the context requires;
- (d) the term "competent authority" means:
 - (i) in the case of Bahrain, the Minister of Finance or the Minister's authorised representative
 - (ii) in the case of Canada, the Minister of National Revenue or the Minister's authorised representative.
- (e) the term "applicant Party" means the Contracting Party requesting information;
- (f) the term "collective investment fund or scheme" means any pooled investment vehicle, irrespective of legal form. The term "public collective investment fund or scheme" means any collective investment fund or scheme provided the units, shares or other interests in the fund or scheme can be readily purchased and sold, or readily purchased and redeemed, by the public. Units, shares or other interests in the fund or scheme can be readily purchased, sold, or redeemed "by the public" if the purchase, sale or redemption is not implicitly or explicitly restricted to a limited group of investors;
- (g) the term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes, and for greater certainty includes any other entity constituted or recognised under the laws of either of the Contracting States as a body corporate;
- (h) the term "information" means any fact, statement or record in any form whatever;

- (i) the term "information gathering measures" means laws and administrative or judicial procedures that enable a Contracting Party to obtain and provide the requested information;
 - (j) the term "person" includes an individual, a company, a trust, a partnership and any other body of persons;
 - (k) the term "principal class of shares" means the class or classes of shares representing a majority of the voting power and value of the company;
 - (l) the term "publicly traded company" means any company whose principal class of shares is listed on a recognised stock exchange provided that its listed shares can be readily purchased or sold by the public. Shares can be purchased or sold "by the public" if the purchase or sale of shares is not implicitly or explicitly restricted to a limited group of investors;
 - (m) the term "recognised stock exchange" means any stock exchange agreed upon by the competent authorities of the Contracting Parties;
 - (n) the term "requested Party" means the Contracting Party requested to provide information; and
 - (o) the term "tax" means any tax to which this Agreement applies.
2. As regards the application of this Agreement at any time by a Contracting Party, 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 Party, any meaning under the applicable tax laws of that Party prevailing over a meaning given to the term under other laws of that Party.

Article 5

Exchange of Information Upon Request

1. The competent authority of the requested Party shall provide upon request information for the purposes referred to in Article 1. Such information shall be exchanged without regard to whether the conduct being investigated would constitute a crime under the laws of the requested Party if such conduct occurred in the territory of the requested Party.
2. If the information in the possession of the competent authority of the requested Party is not sufficient to enable it to comply with the request for information, that Party shall use all relevant information gathering measures to provide the applicant Party with the information requested, notwithstanding that the requested Party may not need such information for its own tax purposes.
3. If specifically requested by the competent authority of the applicant Party, the competent authority of the requested Party shall provide information under this Article, to the extent allowable under its domestic laws, in the form of depositions of witnesses and authenticated copies of original records.

4. Each Contracting Party shall ensure that its competent authority for the purposes specified in Article 1 of this Agreement, have the authority to obtain and provide upon request:
 - (a) information held by banks, other financial institutions, and any person acting in an agency or fiduciary capacity including nominees and trustees;
 - (b) information regarding the ownership of companies, partnerships, trusts, foundations, "Anstalten" and other persons, including, within the constraints of Article 2, ownership information on all such persons in an ownership chain; in the case of trusts, information on settlors, trustees and beneficiaries; and in the case of foundations, information on founders, members of the foundation council and beneficiaries. This Agreement does not create an obligation on the Contracting Parties to obtain or provide ownership information with respect to publicly traded companies or public collective investment funds or schemes unless such information can be obtained without giving rise to disproportionate difficulties.
5. The competent authority of the applicant Party shall provide the following information to the competent authority of the requested Party when making a request for information under this Agreement to demonstrate the foreseeable relevance of the information to the request:
 - (a) the identity of the person under examination or investigation;
 - (b) a statement of the information sought including its nature and the form in which the applicant Party wishes to receive the information from the requested Party;
 - (c) the tax purpose for which the information is sought;
 - (d) grounds for believing that the information requested is held in the territory of the requested Party or is in the possession or control of a person within the jurisdiction of the requested Party;
 - (e) to the extent known, the name and address of any person believed to be in possession of the requested information;
 - (f) a statement that the request is in conformity with the law and administrative practices of the applicant Party, that if the requested information was within the jurisdiction of the applicant Party then the competent authority of the applicant Party would be able to obtain the information under the laws of the applicant Party or in the normal course of administrative practice and that it is in conformity with this Agreement; and
 - (g) a statement that the applicant Party has pursued all means available in its own territory to obtain the information, except those that would give rise to disproportionate difficulties.

6. The competent authority of the requested Party shall immediately confirm receipt of a request in writing to the competent authority of the applicant Party and shall:
 - (a) notify the competent authority of the applicant Party, within 60 days of receiving the request, of any deficiencies in the request;
 - (b) notify the competent authority of the applicant Party, within 90 days of receiving the request, of the intention to refuse the request or of any obstacle preventing the requested Party from fulfilling the request;
 - (c) inform the competent authority of the applicant Party of the grounds for the refusal of the request or the nature of the obstacles to processing the request;
 - (d) provide the requested information within 90 days of receiving the request or, in the event that there is an obstacle to fulfilling the request, advise the competent authority of the applicant Party of the estimated additional time required to fulfill the request.

Article 6 **Tax Examinations Abroad**

1. A Contracting Party may allow representatives of the competent authority of the other Contracting Party to enter the territory of the first-mentioned Party to interview individuals and examine records with the written consent of the persons concerned. The competent authority of the second-mentioned Party shall notify the competent authority of the first-mentioned Party of the time and place of the meeting with the individuals concerned.
2. At the request of the competent authority of one Contracting Party, the competent authority of the other Contracting Party may allow representatives of the competent authority of the first-mentioned Party to be present at the appropriate part of a tax examination in the territory of the second-mentioned Party.
3. If the request referred to in paragraph 2 is acceded to, the competent authority of the Contracting Party conducting the examination shall, as soon as possible, notify the competent authority of the other Party about the time and place of the examination, the authority or official designated to carry out the examination and the procedures and conditions required by the first-mentioned Party for the conduct of the examination. All decisions with respect to the conduct of the tax examination shall be made by the Party conducting the examination.

Article 7 **Possibility of Declining a Request**

1. The requested Party shall not be required to obtain or provide information that the applicant Party would not be able to obtain under its own laws for purposes of the administration or enforcement of its own tax laws. The competent authority of the requested Party may decline to assist where the request is not made in conformity with this Agreement.

2. The provisions of this Agreement shall not impose on a Contracting Party the obligation to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process. Notwithstanding the foregoing, information of the type referred to in Article 5, paragraph 4, shall not be treated as such a secret or trade process merely because it meets the criteria in that paragraph.
3. The provisions of this Agreement shall not impose on a Contracting Party the obligation to obtain or provide information, which would reveal confidential communications between a client and an attorney, solicitor or other admitted legal representative where such communications are produced for the purposes of:
 - (a) seeking or providing legal advice, or
 - (b) use in existing or contemplated legal proceedings.
4. The requested Party may decline a request for information if the disclosure of the information would be contrary to public policy (ordre public).
5. A request for information shall not be refused on the ground that the tax claim giving rise to the request is disputed.
6. The requested Party may decline a request for information if the information is requested by the applicant Party to administer or enforce a provision of the tax law of the applicant Party, or any requirement connected therewith, which discriminates against a national of the requested Party as compared with a national of the applicant Party in the same circumstances.

Article 8 **Confidentiality**

Any information received by a Contracting Party under this Agreement shall be treated as confidential and may be disclosed only to persons or authorities (including courts and administrative bodies) in the jurisdiction of the Contracting Party concerned with the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, taxes in that jurisdiction. Such persons or authorities shall use such information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions. The information may not be disclosed to any other person or entity or authority or any other jurisdiction without the express written consent of the competent authority of the requested Party.

Article 9 **Costs**

Incidence of costs incurred in providing assistance shall be agreed by the competent authorities of the Contracting Parties.

Article 10 **Implementing Legislation**

The Contracting Parties shall enact any legislation necessary to comply with, and give effect to, the terms of this Agreement.

Article 11

Other International Agreements or Arrangements

The possibilities of assistance provided by this Agreement do not limit, nor are they limited by, those contained in existing international agreements or other arrangements between the Contracting Parties which relate to co-operation in tax matters.

Article 12

Mutual Agreement Procedure

1. Where difficulties or doubts arise between the Contracting Parties regarding the implementation or interpretation of this Agreement, the competent authorities shall endeavour to resolve the matter by mutual agreement.
2. In addition to the agreements referred to in paragraph 1, the competent authorities of the Contracting Parties may mutually agree on the procedures to be used under Articles 5 and 6.
3. The competent authorities of the Contracting Parties may communicate with each other directly for purposes of reaching agreement under this Article.
4. The Contracting Parties may also agree on other forms of dispute resolution.

Article 13

Entry into Force

1. This Agreement is subject to ratification, acceptance or approval by the Contracting Parties, in accordance with their respective laws.
2. This Agreement shall enter into force on the date of the later notice by which each Contracting Party has notified the other of the completion of its necessary internal procedures for entry into force. Upon entry into force, it shall have effect:
 - a) for tax matters involving intentional conduct which is liable to prosecution under the criminal laws of the applicant Party (irrespective of whether contained in the tax laws, the criminal code or other statutes), on that date, and
 - b) for all other matters covered in Article 1, on that date, but only in respect of taxable periods beginning on or after that date, or where there is no taxable period, all charges to tax arising on or after that date.

Article 14

Termination

1. A Contracting Party may terminate this Agreement by serving a notice of

termination through diplomatic channels to the other Contracting Party.

2. Such termination shall become effective on the first day of the month following the expiration of a period of six months after the date of the notice of termination.
3. Where a Contracting Party terminates this Agreement, both Contracting Parties shall remain bound by the provisions of Article 8 with respect to any information obtained under this Agreement.

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

Done in duplicate at Ottawa..... this 4th day of June.....2013, in the Arabic, French and English languages, all three texts being equally authentic.

**FOR THE GOVERNMENT OF THE
KINGDOM OF BAHRAIN**

**FOR THE GOVERNMENT OF
CANADA**



Canada Revenue
Agency

Agence du revenu
du Canada

Confidential
(for Competent authority use only)

Ref: ILBD-MH-45424

Date: January 12, 2018

Nawaf Hashim Alsadeh
Director
Enterprise Tax Directorate
Bahrain Competent Authority
Ministry of Finance
P.O. Box 333
Manama
Kingdom of Bahrain

Dear Mr. Alsadeh,

Re: Exchange of Competent Authority Letters
Article 9 of the Canada-Bahrain Tax Information Exchange Agreement

I am writing to you in my capacity of Canadian competent authority. Article 9 of the Agreement between the Government of Canada and the Government of the Kingdom of Bahrain for the Exchange of Information on Tax Matters signed on June 4, 2013 provides that competent authorities shall agree in respect of the incidence of costs incurred in providing assistance. The purpose of this letter is to propose the following:

1. Ordinary costs incurred by the requested Party for the purpose of responding to a request for information will be borne by the requested Party. Such ordinary costs would include the normal administrative and overhead expenses incurred by the requested Party in reviewing and responding to information requests. Such ordinary costs may include for example:
 - a) costs for obtaining, copying and sending documents; and,
 - b) legal costs to secure a court order or any other form of authorization to require a person to disclose or provide information.

.../2

Canada

2. Costs incurred by the requested Party not covered by paragraph 1 are considered extraordinary costs and will be borne by the applicant Party. Extraordinary costs include, for example:
 - a) interviews, depositions, witnesses and testimony where the applicant Party has requested the information in a particular manner;
 - b) engaging experts, interpreters or translators where such services are at the request of the applicant Party; and
 - c) legal costs other than the legal costs covered under paragraph 1 b).
3. Costs incurred by a person to whom a request or demand for information is made (or any other third party) will not be borne by the applicant Party except that unusually high costs will be reimbursed subject to the prior agreement of the competent authority of the applicant Party. It is understood that costs incurred by a person to oppose the production of information or to provide information in their possession will not be considered unusually high. Costs to translate documents will be considered unusually high.
4. The Competent Authority of the requested Party will consult with the Competent Authority of the applicant Party in any particular case where extraordinary costs are likely to exceed CAD\$500 or its equivalent in Bahraini dinars (BHD) to determine whether the applicant Party will continue to pursue the request and bear the cost.

If the proposals contained in this letter are acceptable to Bahraini competent authority, this letter, and your reply to that effect, shall constitute our mutual understanding.

Yours sincerely,



Cindy Negus
Director
Competent Authority Services Division
Canada Revenue Agency



Confidential (For Competent Authority use only)

ETD2/L30/2018

18 February 2018

Ms. Cindy Negus
Director
Competent Authority Services Division
Canada Revenue Agency

Dear Ms Negus,

**Re: Exchange of Competent Authority Letters – Article 9 of the
Canada-Bahrain Tax Information Exchange Agreement**

Thank you for your letter Ref. No. ILBD-MH-45424 dated the 12th of January 2018.

I confirm that the Bahrain Competent Authority accepts the proposals contained in your letter. Your letter and this reply constitute the mutual understanding of our respective competent authorities in respect of the incidence of costs incurred in providing assistance in response to a request for information required under Article 9 of the Agreement between the Government of Canada and the Government of the Kingdom of Bahrain for the Exchange of Information on Tax Matters signed on 4th of June 2013.

Thank you for your consideration in this matter.

Yours sincerely,

**Nawaf Hashim Alsadeh
Director of Enterprise Tax Directorate
Bahrain Competent Authority**