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**Committee of Experts on International
Cooperation in Tax Matters
Fourteenth session**

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Agenda item 3(a)

**Issues related to the updating of the United Nations Model Double
Taxation Convention between Developed and Developing Countries**

**Amendments to the Articles of the United Nations Model Convention
Consequential on the Addition of Article 12A (Fees for Technical Services)**

1. Revision of Article 23 A(2) (Exemption Method)

Article 23 A(2) will be revised to read as follows (deletions are shown with strikethrough and additions are shown in boldface):

2. Where a resident of a Contracting State derives items of income which, in accordance with the provisions of Articles 10, 11, and 12, **and 12A**, may be taxed in the other Contracting State, the first-mentioned State shall allow as a deduction from the tax on the income of that resident an amount equal to the tax paid in that other State. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable to such items of income derived from **which may be taxed in that other State**.

In addition, the following changes should be made to the Commentary on Article 23;

- Paragraph 14 quoting paragraph 9 of the Commentary on Article 23 of the OECD Model should be revised by adding a reference to Article 12A in the third sentence: “. . . paragraph 2 of the Articles 10 or 11 or 12 [**or 12A**] . . .
- Paragraph 14 quoting paragraph 31 of the Commentary on Article 23 of the OECD Model should be revised by adding a reference to Article 12A in the second sentence: “. . . under Articles 10 and 11 [and 12 **and 12A**] . . .
- Paragraph 14 quoting paragraph 31 of the Commentary on Article 23 of the OECD Model should be revised by adding a reference to Article 12A in the first sentence: “In Articles 10 and 11 [**and 12 and 12A**] . . .
- Paragraph 19 should be revised to include a reference to Article 12A in the alternative provision to paragraph 4 of Article 23 A: “. . . or applies the provisions of paragraph 2 of Article 10, 11, or 12, **or 12A** to such income;”
- A new paragraph 16.1 should be added to the Commentary immediately after paragraph 48 of the OECD Commentary (alternatively a new paragraph 13.1 could be added after paragraph 13) as follows:

16.1 The change in the wording of paragraph 2 of Article 23 A to refer to the part of the tax attributable to such items of income “which may be taxed in that other State” rather than “derived from that other State” is intended to make the wording of paragraph 2 of Article 23 A consistent with that of paragraph 1 of Article 23 B. The change in wording is not intended to change the meaning of paragraph 2 of Article 23 A. Under either wording, the credit for tax imposed by the other State is limited to the tax attributable to items of income which the other State is entitled to tax under the provisions of the treaty.

2. Revision of Article 24 (Non-Discrimination)

The opening words of Article 24(4) will be revised to read as follows (deletions are shown with strikethrough and additions are shown in boldface):

4. Except where the provisions of paragraph 1 of Article 9, paragraph 6 of Article 11, or paragraph 6 of Article 12, or paragraph 6 of Article 12A apply, interest, royalties, and **fees for technical services, and** other disbursements . . .