AGREEMENT

BETWEEN THE RUSSIAN FEDERATION AND THE SWISS

CONFEDERATION FOR THE AVOIDANCE OF DOUBLE TAXATION

WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

THE GOVERNMENT OF THE RUSSIAN FEDERATION AND

THE SWISS FEDERAL COUNCIL

(Moscow, 15.XI.1995)

Desiring to conclude an Agreement for the avoidance of double

taxation with respect to taxes on income and on capital,

Have agreed as follows:

Article 1

Personal scope

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 and on capital

imposed on behalf of a Contracting State or of its political

subdivisions or local authorities, irrespective of the manner in

which they are levied.

2. There shall be regarded as taxes on income and on capital

all taxes imposed on total income, on total capital, or on

elements of income or of capital, including taxes on gains from

the alienation of movable or immovable property, as well as taxes

on capital appreciation.

3. The existing taxes to which the Agreement shall apply are in

particular:

- in the Russian Federation:

(i) the taxes on profits (income) of enterprises and

organisations;

(ii) the taxes on income of individuals;

(iii) the taxes on property of enterprises; and

(iv) the taxes on property of individuals

(hereinafter referred to as "Russian tax");

- in Switzerland:

the federal, cantonal and communal taxes

(i) on income (total income, earned income, income from

capital, industrial and commercial profits, capital gains, and

other items of income); and

(ii) on capital (total property, movable and immovable

property, business assets, paid-up capital and reserves, and other

items of capital)

(hereinafter referred to as "Swiss tax").

4. The Agreement shall apply also to any identical or

substantially similar taxes which are imposed after the date of

signature of the Agreement 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 which

have been made in their respective taxation laws.

Article 3

General definitions

1. For the purposes of this Agreement, unless the context

otherwise requires:

a) the terms "a Contracting State" and "the other Contracting

State" mean the Russian Federation or Switzerland, as the context

requires;

b) - the term "the Russian Federation (Russia)" when used in a

geographical sense, means its territory, including internal waters

and territorial sea, air space above them as well as the exclusive

economic zone and continental shelf where the Russian Federation

exercises sovereign rights and jurisdiction in conformity with

federal and International law;

- the term "Switzerland" means the Swiss Confederation;

c) the term "political subdivision" means:

- in the case of the Russian Federation, the constituent

entities or any other administrative territorial entities;

- in the case of Switzerland, the Cantons;

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 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;

g) 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;

h) the term "competent authority" means:

- in the case of the Russian Federation, the Ministry of

Finance or its authorised representative;

- in the case of Switzerland, the Director of the Federal Tax

Administration or his authorised representative;

i) the term "national" means:

(i) any individual possessing the nationality of a Contracting

State;

(ii) any legal person, partnership or association deriving its

status as such from the laws in force in a Contracting State.

2. As regards the application of the Agreement by a Contracting

State any term not defied therein shall, unless the context

otherwise requires, have the meaning which it has under the law of

that State concerning the taxes to which the Agreement applies.

Article 4

Resident

1. For the purposes of this Agreement, the term "resident of a

Contracting State" means any person who, under the law 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.

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 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 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 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 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.

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 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;

е) a workshop, and

f) a mine, an oil or gas well, a quarry or any other place of

extraction of natural resources.

3. A building site or construction or installation project

constitutes a permanent establishment only if it lasts more than

twelve months.

4. Notwithstanding the preceding provisions of this 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 sale of displayed machinery or equipment at the end of

an exhibition;

d) the maintenance of a stock of goods or merchandise belonging

to the enterprise solely for the purpose of processing by another

enterprise;

e) the maintenance of a fixed place of business solely for the

purpose of purchasing goods or merchandise or of collecting

information, for the enterprise;

f) the maintenance of a fixed place of business solely for the

purpose of advertising, for the supply of information, for

scientific research or similar activities which have a preparatory

or auxiliary character for the enterprise;

g) an installation project carried on by an enterprise of a

Contracting State in the other Contracting State in connection

with the delivery of machinery or equipment substantially produced

by that enterprise;

h) the maintenance of a fixed place of business solely for any

combination of activities mentioned in subparagraphs a) to g),

provided that the overall activity of the fixed place of business

resulting from this combination is of a preparatory or auxiliary

character.

5. Notwithstanding the provisions of paragraphs 1 and 2, where

a person - other than an agent of an independent status to whom

paragraph 6 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

person are limited to those mentioned in paragraph 4 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.

6. 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.

7. 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 may be taxed in that other

State.

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

provisions 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; ships

and aircraft shall not be regarded as immovable property.

3. The provisions 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 and to income from

immovable property used for the performance of independent

personal services.

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 provisions of paragraph 3, 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 separate enterprise

engaged in the same or similar activities under the same or

similar conditions and dealing wholly independently with the

enterprise of which it is a permanent establishment, in

particular:

a) where an enterprise of a Contracting State sells goods or

merchandise or carries on business in the other State through a

permanent establishment situated therein, the profits of that

permanent establishment shall not be determined on the basis of

the total amount received by the enterprise, but shall be

determined only on the basis of that part of the total receipts

which is attributable to the actual activity of the permanent

establishment for such sales or business;

b) in the case of contracts for the survey, supply,

installation or construction of industrial, commercial or

scientific equipment or premises, or of public works, when the

enterprise has a permanent establishment, the profits of such

permanent establishment shall not be determined on the basis of

the total amount of the contract, but shall be determined only on

the basis of that part of the contract which is effectively

carried out by the permanent establishment in the State where the

permanent establishment is situated;

c) the profits related to that part of the contract which is

carried out by the head office of the enterprise shall be taxable

only in the State of which the enterprise is a resident.

3. In determining the profits of a permanent establishment,

there shall be allowed as deductions expenses which are incurred

for the purposes of the permanent establishment, including

executive and general administrative expenses so incurred, whether

in the 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.

6. For the purposes 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 derived by an enterprise of a Contracting State from

the operation of ships or aircraft in international traffic shall

be taxable only in that Contracting State.

2. 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 profits on which an enterprise of a Contracting State

has been charged to tax in that State are also included in the

profits of an enterprise of the other Contracting State and taxed

accordingly, and the profits so included are profits which would

have accrued to that enterprise of the other State, if the

conditions made between the enterprises had been those which would

have been made between independent enterprises, then the competent

authorities of the Contracting States may consult together with a

view to reach an agreement on the adjustments of profits in both

Contracting States.

3. A Contracting State shall not change the profits of an

enterprise in the circumstances referred to in paragraph 1 after

the expiry of the time limits provided in its internal laws and,

in any case, after six years from the end of the year in which the

profits which would be subject to such change would have accrued

to an enterprise of that State. This paragraph shall not apply in

the case of fraud or wilful default.

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 taxed in the Contracting

State of which the company paying the dividends is a resident and

according to the laws of that State, but if the recipient is the

beneficial owner of the dividends the tax so charged shall not

exceed:

a) 5 per cent of the gross amount of the dividends if the

beneficial owner is a company (other than a partnership) which

holds directly at least 20 per cent of the capital of the company

paying the dividends and the foreign capital invested exceeds two

hundred thousand (200 000) Swiss francs or its equivalent in any

other currency at the moment when the dividends become due;

b) 15 per cent of the gross amount of the dividends in all

other cases.

The competent authorities of the Contracting States shall by

mutual agreement settle the mode of application of these

limitations.

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

from shares and other rights, not being debt-claims, participating

in profits, as well as income from other corporate rights which is

subjected to the same taxation treatment as income from shares by

the laws of the State of which the company making the 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, or performs in

that other State independent personal services from a fixed base

situated therein, and the holding in respect of which the

dividends are paid is effectively connected with such permanent

establishment or fixed base. In such case the provisions of

Article 7 or Article 14, as the case may be, 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 or a fixed base 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 may be taxed in that other

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 recipient is the beneficial owner of the interest the

tax so charged shall not exceed 10 per cent of the gross amount of

the interest. But notwithstanding the preceding provision of this

paragraph in the case of any loan of whatever kind granted by a

bank such a tax shall not exceed 5 per cent of the gross amount of

the interest.

The competent authorities of the Contracting States shall by

mutual agreement settle the mode of application of these

limitations.

3. Notwithstanding the provisions of paragraph 2, interest

arising in a Contracting State and paid to a resident of the other

Contracting State who is the beneficial owner thereof shall be

taxable only in that other State to the extent that such interest

is paid:

a) in connection with the sale on credit of any industrial,

commercial or scientific equipment, or

b) in connection with the sale on credit of any merchandise by

one enterprise to another enterprise.

4. 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.

5. The provisions of paragraphs 1, 2 and 3 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, or performs in that other State

independent personal services from a fixed base situated therein,

and the debt-claim in respect of which the interest is paid is

effectively connected with such permanent establishment or fixed

base. In such case the provisions of Article 7 or Article 14, as

the case may be, shall apply.

6. Interest shall be deemed to arise in a Contracting State

when the payer is that State itself, a political subdivision, a

local authority or a resident of that State. Where, however, the

person paying the interest, whether he is a resident of a

Contracting State or not, has in a Contracting State a permanent

establishment or a fixed base in connection with which the

indebtedness on which the interest is paid was incurred, and such

interest is borne by such permanent establishment or fixed base,

then such interest shall be deemed to arise in the State in which

the permanent establishment or fixed base is situated.

7. 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. 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 shall be taxable only in

that other State if such resident is the beneficial owner of the

royalties.

2. The term "royalties" as used in this Article means payments

of any kind received as a consideration for the use of, or the

right to use, any copyright of literary, artistic or scientific

work including cinematograph films and recordings for radio and

television broadcasting, any patent, trade mark, design or model,

plan, secret formula or process, any computer software programme,

or for the use of, or the right to use, industrial, commercial, or

scientific equipment, or for information concerning industrial,

commercial or scientific experience.

3. The provisions of paragraph 1 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, or performs in that other State

independent personal services from a fixed base situated therein,

and the right or property in respect of which the royalties are

paid is effectively connected with such permanent establishment or

fixed base. In such case the provisions of Article 7 or Article

14, as the case may be, shall apply.

4. 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 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 or of movable property pertaining to a fixed base available

to a resident of a Contracting State in the other Contracting

State for the purpose of performing independent personal services,

including such gains from the alienation of such a permanent

establishment (alone or with the whole enterprise) or of such

fixed base, may be taxed in that other State. However, gains

derived by a resident of a Contracting State from the alienation

of ships and aircraft operated in international traffic and

movable property pertaining to the operation of such ships and

aircraft shall be taxable only in that State.

3. Gains from the alienation of any property other than that

referred to in paragraphs 1 and 2 shall be taxable only in the

Contracting State of which the alienator is a resident.

Article 14

Independent personal services

1. Income derived by a resident of a Contracting State in

respect of professional services or other activities of an

independent character shall be taxable only in that State unless

he has a fixed base regularly available to him in the other

Contracting State for the purpose of performing his activities. If

he has such a fixed base, the income may be taxed in the other

State but only so much of it as is attributable to that fixed

base.

2. The term "professional services" includes especially

independent scientific, literary, artistic, educational or

teaching activities as well as the independent activities of

physicians, lawyers, engineers, architects, dentists and

accountants.

Article 15

Dependent personal services

1. Subject to the provisions of Articles 16, 18 and 19,

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 therefrom 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 the calendar

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

or a fixed base 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 Contracting

State.

Article 16

Directors' fees

Directors' fees and other similar payments derived by a

resident of a Contracting State in his 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 17

Artistes and sportsmen

1. Notwithstanding the provisions of Articles 14 and 15, 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 his 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 his capacity as such accrues not

to the entertainer or sportsman himself but to another person,

that income may, notwithstanding the provisions of Articles 7, 14

and 15, be taxed in the Contracting State in which the activities

of the entertainer or sportsman are exercised. This paragraph

shall not apply if it is established that neither the entertainer

nor the sportsman participate in the profits of such person; in

such a case the provisions of Articles 7 or 14, as the case may

be, shall apply.

Article 18

Pensions

Subject to the provisions of paragraph 2 of Article 19,

pensions and other similar remuneration paid to a resident of a

Contracting State in consideration of past employment shall be

taxable only in that State.

Article 19

Government service

1. a) Remuneration, other than a pension, paid by a Contracting

State or a political subdivision or a local authority thereof to

an individual in respect of services rendered to that State or

subdivision or authority shall be taxable only in that State;

b) however, such 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. a) Any pension paid by, or out of funds created by, a

Contracting State or a political subdivision or a local authority

thereof to an individual in respect of services rendered to that

State or subdivision or authority shall be taxable only in that

State;

b) however, such pension shall be taxable only in the other

Contracting State if the individual is a resident of, and a

national of, that State.

3. The provisions of Articles 15, 16 and 18 shall apply to

remuneration and pensions in respect of services rendered in

connection with a business carried on by a Contracting State or a

political subdivision or a local authority thereof.

Article 20

Students and business apprentices

Payments which a student or business apprentice who is or was

immediately before visiting a Contracting State a resident of the

other Contracting State and who is present in the first-mentioned

State solely for the purpose of his education or training receives

for the purpose of his maintenance, education or training shall

not be taxed in that State, provided that such payments arise from

sources outside that State.

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 than 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, or performs in that other State independent personal

services from a fixed base situated therein, and the right or

property in respect of which the income is paid is effectively

connected with such permanent establishment or fixed base. In such

case the provisions of Article 7 or Article 14, as the case may

be, shall apply.

3. This Article shall not apply to tax withheld at the source

on prizes in a lottery.

Article 22

Capital

1. Capital represented by immovable property referred to in

Article 6, owned by a resident of a Contracting State and situated

in the other Contracting State, may be taxed in that other State.

2. Capital represented by 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 or by

movable property pertaining to a fixed base available to a

resident of a Contracting State in the other Contracting State for

the purpose of performing independent personal services, may be

taxed in that other State.

3. Capital represented by ships and aircraft operated in

international traffic by a resident of a Contracting State and

capital represented by movable property pertaining to the

operation of such ships and aircraft shall be taxable only in that

Contracting State.

4. All other elements of capital of a resident of a Contracting

State shall be taxable only in that State.

Article 23

Elimination of double taxation

- In the case of the Russian Federation, double taxation shall

be avoided as follows:

where a resident of the Russian Federation derives income or

owns capital, which in accordance with the provisions of this

Agreement may be taxed in Switzerland, the amount of tax on that

income or capital payable in Switzerland may be credited against

the tax levied in the Russian Federation. The amount of credit,

however shall not exceed the amount of the tax of the Russian

Federation on that income or capital computed in accordance with

the taxation laws and regulations.

- In the case of Switzerland, double taxation shall be avoided

as follows:

a) Where a resident of Switzerland derives income or owns

capital which, in accordance with the provisions of this

Agreement, may be taxed in the Russian Federation, Switzerland

shall, subject to the provisions of paragraph b), exempt such

income or capital from tax but may, in calculating tax on the

remaining income or capital of that resident, apply the rate of

tax which would have been applicable if the exempted income or

capital had not been so exempted.

b) Where a resident of Switzerland derives dividends or

interest which, in accordance with the provisions of Article 10 or

11, may be taxed in the Russian Federation, Switzerland shall

allow, upon request, a relief to such resident. The relief may

consist of:

(i) a deduction from the tax on the income of that resident of

an amount equal to the tax levied in the Russian Federation in

accordance with the provisions of Articles 10 and 11; such

deduction shall not, however, exceed that part of the Swiss tax,

as computed before the deduction is given, which is appropriate to

the income which may be taxed in the Russian Federation; or

(ii) a lump sum reduction of the Swiss tax; or

(iii) a partial exemption of such dividends or interest from

Swiss tax, in any case consisting at least of the deduction of the

tax levied in the Russian Federation from the

gross amount of the dividends or interest.

Switzerland shall determine the applicable relief and regulate

the procedure in accordance with the Swiss provisions relating to

the carrying out of international conventions of the Swiss

Confederation for the avoidance of double taxation.

c) A company which is a resident of Switzerland and which

derives dividends from a company which is a resident of the

Russian Federation shall be entitled, for the purposes of Swiss

tax with respect to such dividends, to the same relief which would

be granted to the company if the company paying the dividends were

a resident of Switzerland.

Article 24

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 requirements to which nationals of that

other State in the same circumstances, in particular with respect

to residence, are or may be subjected. This provision shall,

notwithstanding the provisions 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 has in the other Contracting

State shall not be less favourably 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 allowances, 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 Article 9, paragraph 7 of

Article 11, or paragraph 4 of Article 12, apply, interest,

royalties and 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. Similarly,

any debts of an enterprise of a Contracting State to a resident of

the other Contracting State shall, for the purpose of determining

the taxable capital of such enterprise, be deductible under the

same conditions as if they had been contracted 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, directly or indirectly, by

one or more residents of the other Contracting State, shall not be

subjected in the first-mentioned State to any taxation or any

requirement 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 apply to taxes which

are the subject of this Agreement.

Article 25

Mutual agreement procedure

1. Where a person considers that the actions of one or both of

the Contracting States result or will result for him in taxation

not in accordance with the provisions of this Agreement, he may,

irrespective of the remedies provided by the domestic law of those

States, present his case to the competent authority of the

Contracting State of which he is a resident or, if his case comes

under paragraph 1 of Article 24, to that of the Contracting State

of which he 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.

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 for the purpose of reaching

an agreement in the sense of the preceding paragraphs.

Article 26

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 27

Entry into force

1. The Governments of the Contracting States shall notify each

other of the completion of the procedure required by their

respective law for the bringing into force of this Agreement.

2. The Agreement shall enter into force thirty days after the

date of the latter of the notifications referred to in paragraph 1

of this Article and its provisions shall have effect:

a) in respect of tax withheld at source, on amounts paid or

credited on or after the first day of January in the calendar year

following the year in which the Agreement enters into force;

b) in respect of other taxes for fiscal years beginning on or

after the first day of January in the calendar year following the

year in which the Agreement enters into force.

3. a) the Convention between the Union of Soviet Socialist

Republics and the Swiss Confederation on fiscal matters signed in

Moscow on the 5 September 1986 shall in relation between the

Russian Federation and Switzerland terminate upon the entry into

force of this Agreement;

b) the Exchange of Notes of 18 January 1968 between the Soviet

Ministry of Foreign Affairs and the Ambassador of Switzerland

concerning the taxation of shipping and air transport enterprises

shall in relation between the Russian Federation and Switzerland

terminate upon the entry into force of this Agreement.

Article 28

Termination

This Agreement shall remain in force until terminated by a

Contracting State. Either Contracting State may terminate the

Agreement, through diplomatic channels, by giving notice of

termination at least six months before the end of any calendar

year. In such event, the Agreement shall cease to have effect for

any fiscal year beginning on or after the first day of January in

the calendar year next following that in which such notice has

been given.

In witness whereof the undersigned, duly authorized thereto,

have signed this Agreement.

Done in duplicate at Moscow this 15 November, 1995 in the

Russian, German and English languages, all texts being equally

authentic. In case there is any divergency of interpretation

between the Russian and the German texts the English text shall be

considered as the authentic text.

(Follow the signatures)