

# **EXAMPLES OF COMMON TAX TREATIES**

This Section has excerpts from the three tax treaties most often used by Student Payroll employees: Canada, Pakistan and China.

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# EXCERPT FROM U.S. – CANADA TAX TREATY

## UNITED STATES - CANADA INCOME TAX CONVENTION

*Convention Signed at Washington, D.C. on September 26, 1980;  
Protocol Signed at Ottawa, June 14, 1983;  
Protocol Signed at Washington, D.C., March 28, 1984;  
Ratification Advised by the Senate of the United States of America on June 28, 1984;  
Entered into Force August 16, 1984.*

GENERAL EFFECTIVE DATE UNDER ARTICLE XXX: 1 JANUARY 1985

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Protocol 4-----	of 29 July, 1997
Letter of Submittal-(Protocol 4)-----	of 12 August, 1997
Letter of Transmittal-(Protocol 4)-----	of 23 September, 1997
The "Saving Clause"-----	Paragraph 2 of Article XXIX

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## **ARTICLE XV**

### **Dependent Personal Services**

1. Subject to the provisions of Articles XVIII (Pensions and Annuities) and XIX (Government Service), 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 a calendar year in the other Contracting State shall be taxable only in the first-mentioned State if:
  - (a) Such remuneration does not exceed ten thousand dollars (\$10,000) in the currency of that other State; or
  - (b) The recipient is present in the other Contracting State for a period or periods not exceeding in the aggregate 183 days in that year and the remuneration is not borne by an employer who is a resident of that other State or by a permanent establishment or a fixed base which the employer has in that other State.
  
3. Notwithstanding the provisions of paragraphs 1 and 2, remuneration derived by a resident of a Contracting State in respect of an employment regularly exercised in more than one State on a ship, aircraft, motor vehicle or train operated by a resident of that Contracting State shall be taxable only in that State.

**ARTICLE XX**  
**Students**

Payments which a student, apprentice or business trainee, 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 for the purpose of his full-time education or training, receives for the purpose of his maintenance, education or training shall not be taxed in that State provided that such payments are made to him from outside that State.

**NOTES**

This tax treaty does not offer specifically offer benefits for the student immigration status but the Dependent Personal Services clause is available.

**EXCERPT FROM U.S. – PAKISTAN TAX TREATY**

**TAXATION CONVENTION WITH PAKISTAN**

*Convention Signed at Washington July 1, 1957;*  
*Ratification Advised by the Senate of the United States of America,*  
*With a Reservation, July 9, 1958;*  
*Ratified by the President of the United States of America, Subject to Said Reservation,*  
*November 6, 1958;*  
*Ratified by Pakistan May 2, 1959;*  
*Ratifications Exchanged at Karachi May 21, 1959;*  
*Proclaimed by the President of the United States of America May 28, 1959;*  
*Entered into Force May 21, 1959*  
GENERAL EFFECTIVE DATE UNDER ARTICLE XX: 1 JANUARY 1959

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Letter of Transmittal-----	of 12 July, 1957
Protocol of Exchange-----	of 21 May, 1959

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**ARTICLE XIII**  
**(Students or Trainees)**

(1) A resident of one of the contracting States, who is temporarily present in the other contracting State solely

- (a) as a student at a recognized university, college or school in such other State, or
- (b) as the recipient of a grant, allowance or award for the primary purpose of study or research from a religious, charitable, scientific or educational organization of the former State shall be exempted from tax by such other State
  - (i) on all remittances from abroad for the purposes of his maintenance, education or training, and
  - (ii) with respect to an amount not in excess of 5,000 United States dollars for any taxable year, representing compensation for personal services.

(2) A resident of one of the contracting States who is temporarily present in the other contracting State for a period not exceeding one year, as an employee of, or under contract with, an enterprise of the former State or an organization referred to in paragraph (1), solely to acquire technical, professional or business experience from a person other than such enterprise or organization, shall be exempted from tax by such other State on compensation for such period in an amount not in excess of 6,000 United States dollars ( including remuneration from such person in the other contracting State).

(3) A resident of one of the contracting States temporarily present in the other contracting State under arrangements with such other State or any agency or instrumentality thereof solely for the purpose of training, study or orientation shall be exempted from tax by such other State with respect to compensation not exceeding 10,000 United States dollars for the rendition of services directly related to such training, study or orientation (including emoluments and remuneration, if any, from the employer abroad of such resident).

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**EXCERPT FROM U.S. – CHINA TAX TREATY**

**UNITED STATES-THE PEOPLE'S REPUBLIC OF CHINA INCOME TAX CONVENTION**

*Agreement And Related Protocol Signed at Beijing on April 30, 1984;*  
*Second Protocol Signed at Beijing on May 10, 1986;*

*Ratification Advised by The Senate of The United States of America on July 24, 1986;  
Instruments of Ratification Exchanged on October 22, 1986;  
Entered into Force on January 1, 1987.*

GENERAL EFFECTIVE DATE UNDER ARTICLE 27: 1 JANUARY 1987

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Article 5-----	Permanent Establishment
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Article 8-----	Related Enterprises
Article 9-----	Dividends
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Article 12-----	Gains
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Article 15-----	Directors' Fees
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Article 19-----	Teachers, Professors and Researchers

**Article 20-----Students and Trainees**

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Protocol 1-----	of 30 April, 1984
Letter of Submittal-----	of 24 July, 1984
Letter of Transmittal-----	of 10 August, 1984
Notes of Exchange -----	of 30 April, 1984
Protocol 2-----	of 10 May, 1986
Letter of Submittal (Protocol 2)-----	of 20 May, 1986
Letter of Transmittal (Protocol 2)-----	of 5 June, 1986
The "Saving Clause"-----	Paragraph 2 of the Protocol 1 of 30 April, 1984

## **ARTICLE 20**

### **(Students and Trainees)**

A student, business apprentice or trainee 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 Contracting State solely for the purpose of his education, training or obtaining special technical experience shall be exempt from tax in that Contracting State with respect to:

- (a) payments received from abroad for the purpose of his maintenance, education, study, research or training;
- (b) grants or awards from a government, scientific, educational or other tax-exempt organization;
- and
- (c) income from personal services performed in that Contracting State in an amount not in excess of 5,000 United States dollars or its equivalent in Chinese yuan for any taxable year.

The benefits provided under this Article shall extend only for such period of time as is reasonably necessary to complete the education or training.