AGREEMENT

BETWEEN

THE KINGDOM OF THAILAND

AND

THE KINGDOM OF SAUDI ARABIA

FOR

THE RECIPROCAL EXEMPTION OF TAXES

ON

THE ACTIVITIES OF AIR TRANSPORT ENTERPRISES OF THE TWO COUNTRIES

....

The Government of the Kingdom of Thailand and the Government of the Kingdom of Saudi Arabia desiring to avoid double taxation by way of an Agreement for the Reciprocal Exemption of Taxes on the Activities of Air Transport Enterprises, have agreed as follows:

ARTICLE 1

1. This Agreement shall apply to taxes on all income and on gross receipts imposed on behalf of each Contracting State irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income and on gross receipts all taxes imposed on total income, on gross receipts, or on elements of income, or of gross receipts, including taxes on gains from the alienation of movable or immovable property and taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.

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

(a) In the case of the Kingdom of Thailand:

(i) the Corporate Income Tax;

(ii) the Personal Income Tax;

(iii) the Business Tax;

(b) In the case of the Kingdom of Saudi Arabia:

(i) the Corporate Income Tax;

(ii) the Personal Income Tax.

4. This Agreement shall also apply to any identical or substantially similar taxes as are subsequently imposed in addition to, or in place of, the existing taxes.

ARTICLE 2

In this Agreement, unless the context otherwise requires:

(a) the terms "a Contracting State" and "the other Contracting State" mean the Kingdom of Thailand or the Kingdom of Saudi Arabia, as the case may be;

(b) the terms "an air transport enterprise of a Contracting State" and "an air transport enterprise of the other Contracting State" mean Thai Airways International Limited (Thai International) or Saudi Arabian Airlines (Saudia), as the case may be;

(c) the term "international traffic" means any transport by aircraft, owned or chartered, operated by an air transport enterprise of a Contracting State, except when such transport is made solely between places in the other Contracting State;

(d) the term "exercise of air transport" means the operational activity of transportation by air of persons, animals, goods and mail conducted by an air transport enterprise of a Contracting State including sale of tickets and similar documents used for the purpose of transport made on behalf of an air transport enterprise of the other Contracting State;

(e) the term "competent authority" means:

(i) in the case of the Kingdom of Thailand, the Minister of Finance or his authorized representative;

(ii) in the case of the Kingdom of Saudi Arabia, the Minister of Finance and National Economy or his authorized representative;

(f) the term "resident of a Contracting State" means any person, who under the laws of that State, is liable to taxation therein by reason of his domicile, residence, place of incorporation, place of management or any other criterion of a similar nature;

(g) the term "person" includes an individual, a corporation, a company or any other body of persons which is treated as an entity for tax purposes.

ARTICLE 3

1. Income, profits and gross receipts derived by an air transport enterprise of a Contracting State from the exercise of air transport in international traffic shall be exempted from tax in the other Contracting State.

2. The provisions of paragraph 1 shall also apply to income, profits and gross receipts derived by an air transport enterprise of a Contracting State from its participation in a pool or a joint business.

ARTICLE 4

1. Remuneration in respect of an employment exercised aboard an aircraft operated in international traffic by an air transport enterprise of a Contracting State shall be taxable only in that State.

2. Remuneration derived by an employee of an air transport enterprise of a Contracting State in respect of an employment exercised in the other Contracting State shall be exempted from tax in that other State if the employee is present in that other State for a period or periods not exceeding in the aggregate 183 days within any twelve month period; provided that he is a national of the first mentioned Contracting State.

ARTICLE 5

Consultation may be requested at any time by the competent authority of either Contracting State for the purpose of amendment to the present Agreement or for its application or its interpretation. Such consultation shall begin within 120 days from the date of receipt of any such request and decisions shall be made by mutual consent.

ARTICLE 6

1. This Agreement shall be ratified and the instruments of ratification shall be exchanged in due course of time.

2. The Agreement shall enter into force upon the exchange of instruments of ratification and its provisions shall have effect on any income or gross receipts arising on or after January 1, 1979.

ARTICLE 7

The Memorandum of Understanding signed by Head of the Saudi Arabian Delegation and Head of the Thai Delegation in Bangkok on September 30, 1988 shall be treated as part of this Agreement.

ARTICLE 8

This Agreement shall remain in force indefinitely but may be terminated by either Contracting State 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 on any income or gross receipts arising on or after January 1 of the calendar year next following that in which the notice of termination is given.

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

DONE in duplicate at Jeddah on this tenth day of May in the two thousand five hundred and thirty-seventh year of the Buddhist Era, corresponding to the tenth day of May in the one thousand nine hundred and ninety-fourth year of the Christian Era in the Thai, Arabic and English languages, all texts being equally authentic, except in the case of doubt when the English text shall prevail.

FOR THE GOVERNMENT OF THE KINGDOM OF THAILAND	FOR THE GOVERNMENT OF THE KINGDOM OF SAUDI ARABIA
(H.E. Dr. Surin Pitsuwan) Deputy Minister of Foreign Affairs	(Dr. Abdulaziz A. Al-Nasrullah) Deputy Minister Ministry of Finance and National Economy

MEMORANDUM OF UNDERSTANDING

It is understood that:

1. With reference to Article 6, the entry into force provisions shall not affect the taxes exempted or reduced by this Agreement the amounts of which had already been paid to the Government of either Contracting State. The Governments of the two Contracting States shall endeavour to make the air transport enterprises of the two Contracting States approve, execute and honour the agreement signed on April 23, 1988 between themselves that reflects the following facts:

   a) that Corporate Income Tax, Business Tax and Customs Duties that had already been paid by an air transport enterprise of one Contracting State to the other Contracting State as well as Personal Income Tax paid by the said enterprise on behalf of its employees shall be reimbursed by an air transport enterprise of the other Contracting State to the Department of Zakat and Income Tax of Saudi Arabia or the Ministry of Finance of Thailand as the case may be; provided that in the case of Personal Income Tax, the employees are nationals of the first mentioned Contracting State;

b) that after the entry into force of the Agreement, if an employee of an air transport enterprise of one Contracting State is required to pay Personal Income Tax on remuneration derived in respect of an employment exercised in the other Contracting State to that other Contracting State, the amount of such tax shall then be reimbursed by an air transport enterprise of that other Contracting State to the other air transport enterprise; provided that he is a national of the first-mentioned Contracting State;

c) that after the entry into force of the Agreement, Customs Duties to be paid by an air transport enterprise of one Contracting State to the other Contracting State with regard to the items specified in the agreement between the air transport enterprises of the two Contracting States shall be reimbursed by an air transport enterprise of the other Contracting State to the other air transport enterprise.

2. If the Kingdom of Saudi Arabia introduces any tax which is equivalent in nature or purpose to the Business Tax of Thailand or any tax which may be introduced hereafter in its place, the Kingdom of Saudi Arabia shall then grant exemption of such tax to the air transport enterprise of Thailand.

FOR THE GOVERNMENT OF THE KINGDOM OF THAILAND	FOR THE GOVERNMENT OF THE KINGDOM OF SAUDI ARABIA
(H.E. Dr. Surin Pitsuwan) Deputy Minister of Foreign Affairs	(Dr. Abdulaziz A. Al-Nasrullah) Deputy Minister Ministry of Finance and National Economy

ลัทษบันทึกฝ่ายไทย

INSTRUMENT OF RATIFICATION

WHEREAS the duly authorized Representatives of the Government of the Kingdom of Thailand and the Government of the Kingdom of Saudi Arabia have signed the Agreement between the Government of the Kingdom of Thailand and the Government of the Kingdom of Saudi Arabia for the Reciprocal Exemption of Taxes on the Activities of Air Transport Enterprises of the Two Countries at Jeddah on 10th May 1994 ; and

WHEREAS Article 6.2 of the Agreement stipulates that the Agreement shall enter into force upon the exchange of instruments of ratification and its provisions shall have effect on any income or gross receipts arising on or after January 1, 1979.

THE GOVERNMENT OF THE KINGDOM OF THAILAND having considered the aforesaid Agreement, hereby confirms and ratifies the same and undertakes to faithfully perform and carry out all the stipulations contained therein.

IN WITNESS WHEREOF, this Instrument of Ratification is signed and sealed by the Minister of Foreign Affairs of Thailand.

DONE at the Ministry of Foreign Affairs, Saranrom Palace, Bangkok, this seventeenth Day of July in the Year Two thousand Five hundred and Thirty-Seven of the Buddhist Era corresponding to the Year One thousand Nine hundred and Ninety-four of the Christian Era.

Squadron Leader Prasong Soonsiri

(Prasong Soonsiri)

Minister of Foreign Affairs

PROCES-VERBAL

OF

EXCHANGE OF INSTRUMENTS OF RATIFICATION

The Undersigned have met today for the purpose of exchanging the Instruments of Ratification of the Agreement between the Government of the Kingdom of Thailand and the Government of the Kingdom of Saudi Arabia for the Reciprocal Exemption of Taxes on the Activities of Air Transport Enterprises of the Two Countries, signed at Jeddha on 10 May 1994.

These Instruments, having been examined and found to be in due form, have been exchanged today.

IN WITNESS WHEREOF, the undersigned have signed the present Proces-Verbal.

DONE, in duplicate, at Bangkok, this 30th Day of April, One Thousand Nine Hundred and Ninety-six.

FOR THE GOVERNMENT OF THE KINGDOM OF THAILAND	FOR THE GOVERNMENT OF THE KINGDOM OF SAUDI ARABIA
(M.R. Thep Devakula) Permanent Secretary Ministry of Foreign Affairs	(Mr. Mohammed Said Khoja) Charge d' Affaires The Royal Embassy of Saudi Arabia, Bangkok.