

L.N. 428 of 2020

**INCOME TAX ACT
(CAP. 123)**

**Double Taxation Relief (Taxes on Income) (Russian Federation)
(Amendment) Order, 2020**

IN EXERCISE of the powers conferred by article 76 of the Income Tax Act, the Minister for Finance and Financial Services, has made the following order:-

Citation.

S.L. 123.146.

Arrangements to
have effect.

1. The title of this order is Double Taxation Relief (Taxes on Income) (Russian Federation) (Amendment) Order, 2020 and it shall be read and construed as one with the Double Taxation Relief (Taxes on Income) (Russian Federation) Order, hereinafter referred to as "the principal order".

2. It is hereby declared:

(a) that the amendments to the principal order, as specified in the Protocol set out in the Schedule to this order (hereinafter referred to as "the Protocol"), have been made with the Government of the Russian Federation;

(b) that it is expedient that those amendments should have effect following the entry into force of the Protocol and in accordance with the relevant provisions of the Protocol;

(c) that the Protocol shall enter into force on such date as may be announced by notice in the Gazette.

SCHEDULE
(Article 2)

PROTOCOL

**AMENDING THE CONVENTION BETWEEN THE
GOVERNMENT OF MALTA AND THE GOVERNMENT OF THE
RUSSIAN FEDERATION FOR THE AVOIDANCE OF DOUBLE
TAXATION AND THE PREVENTION OF FISCAL EVASION
WITH RESPECT TO TAXES ON INCOME OF 24 APRIL 2013**

The Government of Malta and the Government of the Russian Federation,

desiring to conclude a Protocol to amend the Convention between the Government of Malta and the Government of the Russian Federation for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed at Moscow on 24 April 2013 (hereinafter referred to as "the Convention"),

have agreed as follows:

ARTICLE I

1. Paragraphs 2 and 3 of Article 10 "Dividends" of the Convention shall be modified as follows:

"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 Contracting State, but if the beneficial owner of those dividends is a resident of the other Contracting State, the tax so charged shall not exceed fifteen per cent (15%) of the gross amount of the dividends.

3. Notwithstanding the provisions of paragraphs 1 and 2, dividends paid by a company which is a resident of a Contracting State may also be taxed in that Contracting State according to the laws of that Contracting State, but:

i. if the beneficial owner of the dividends is a resident of the other Contracting State and the beneficial owner is an insurance undertaking or a pension fund; or

ii. if the beneficial owner of the dividends is a resident of the other Contracting State and the beneficial owner is a company whose shares are listed on a registered stock exchange provided that no less than fifteen per cent

(15%) of voting shares of that company are in free float and which holds directly at least fifteen per cent (15%) of the capital of the company paying the dividends throughout a three-hundred and sixty-five (365) day period that includes the day of payment of the dividends; or

iii. if the beneficial owner of the dividends is a resident of the other Contracting State and the beneficial owner is the Government of that Contracting State or a political subdivision or a local authority thereof; or

iv. if the beneficial owner of the dividends is a resident of the other Contracting State and the beneficial owner is the Central Bank of that Contracting State,

the tax so charged shall not exceed five per cent (5%)."

2. The reference in paragraph 5 of Article 10 "Dividends" of the Convention to "paragraphs 1 and 2" shall be substituted by a reference to "paragraphs 1, 2 and 3."

ARTICLE II

1. Paragraph 2 of Article 11 "Interest" of the Convention shall be substituted by the following paragraph:

"2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that Contracting State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed fifteen per cent (15%) of the gross amount of the interest."

2. New paragraph 3 shall be added to Article 11 "Interest" of the Convention which shall read as follows:

"3. Notwithstanding the provisions of paragraphs 1 and 2, interest arising in a Contracting State and paid to a resident of the other Contracting State, who is the beneficial owner of the interest, may also be taxed in the Contracting State in which it arises and according to the laws of that Contracting State, but if:

A) the beneficial owner is:

i. an insurance undertaking or a pension fund; or

ii. the Government of that Contracting State

or a political subdivision or a local authority thereof;
or

iii. the Central Bank of that Contracting State; or

iv. a bank; or

v. a company whose shares are listed on a registered stock exchange provided that no less than fifteen per cent (15%) of voting shares of that company are in free float and which holds directly at least fifteen per cent (15%) of the capital of the company paying the interest throughout a three-hundred and sixty-five (365) day period that includes the day of payment of the interest; or

B) the interest is paid in respect of the following securities listed on a registered stock exchange:

i. government bonds;

ii. corporate bonds;

iii. Euro-bonds,

the tax so charged shall not exceed five per cent (5%)."

3. The existing paragraphs 3, 4, 5, 6, 7 and 8 of Article 11 "Interests" of the Convention shall be renumbered as paragraphs 4, 5, 6, 7, 8 and 9.

4. The reference in paragraph 8, as renumbered, of Article 11 "Interest" of the Convention to "paragraph 2" shall be substituted by a reference to "paragraphs 2 and 3".

ARTICLE III

In paragraph 3 of Article 23 "Non-discrimination" of the Convention the words "paragraph 4 of Article 11" shall be substituted by the words "paragraph 5 of Article 11".

ARTICLE IV

Paragraph 2 of Article 25 "Exchange of Information" of the Convention shall be amended as follows:

"2. Any information received under paragraph 1 by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that Contracting State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions. Notwithstanding the foregoing, information received by a Contracting State may be used for other purposes when such information may be used for such other purposes under the laws of both Contracting States and the competent authority of the supplying Contracting State authorises such use."

ARTICLE V

Amendments to the Convention provided for in this Protocol shall form an integral part of the Convention. This Protocol shall apply provisionally from 1st of January 2021 and shall enter into force on the date of the latter of the notifications of the Contracting States in writing, through diplomatic channels, of the completion of the procedures required by the domestic law for the entry into force of this Protocol.

DONE at Moscow on 1st October 2020 duplicate, in the Russian and English languages, both texts being equally authentic.

For the Government of the
Republic of Malta

Pierre Clive Agius

Ambassador to the Russian
Federation

For the Government of the
Russian Federation

Alexey Valerievich Sazanov

State Secretary and Deputy
Minister of Finance of Russia