



THE HASHEMITE KINGDOM OF JORDAN

**AGREEMENT**

*Between*

*The Government of the Hashemite Kingdom of Jordan*

*And*

*The Council of Ministers of Bosnia and Herzegovina*

For the avoidance of double taxation and the prevention of fiscal  
evasion with respect to taxes on income.

---

The Government of the Hashemite Kingdom of Jordan and the Council of  
Ministers of Bosnia and Herzegovina

DESIRING to conclude an agreement for the avoidance of double taxation  
and the prevention of fiscal evasion with respect to taxes on income.

*Have agreed as follows:*



**CHAPTER I  
SCOPE OF THE AGREEMENT**

***Article 1***

**Persons Covered**

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 imposed by or on behalf of each 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 all taxes imposed on total income, or on elements of income, including taxes on gains from the alienation of movable or immovable property, taxes on the total amount of wages or salaries paid by enterprises.
3. The existing taxes to which the Agreement shall apply are :
  - a. in Jordan :
    - the income tax ;
    - the social services tax;(Hereinafter referred to as "Jordanian tax ").
  - b. in Bosnia and Herzegovina:
    - tax on income of individuals;
    - tax on profit of enterprises ;(Hereinafter referred to as: "Bosnia and Herzegovina 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 substantial changes which have been made in their respective taxation laws.

## CHAPTER II DEFINITIONS

### *Article 3*

#### GENERAL DEFINITIONS

1. For the purposes of this Agreement, unless the context otherwise requires:
  - a.
    - i. the term " Jordan " means the territories of the Hashemite Kingdom of Jordan, the territorial waters of Jordan, and the seabed and subsoil of the territorial waters, and includes any area extending beyond the limits of the territorial waters of Jordan, and the seabed and subsoil of any such area, which has been or may hereafter be designated, under the laws of Jordan, and in accordance with international law as an area over which Jordan has sovereign rights for the purposes of exploring and exploiting the natural resources, whether living or non-living ;
    - ii. the term " Bosnia and Herzegovina " means the territory of Bosnia and Herzegovina over which, under Bosnia and Herzegovina legislation and in accordance with international law, the sovereign rights of Bosnia and Herzegovina are exercised.



- b. the term "political subdivision" in case of Bosnia and Herzegovina means the entities: Federation of Bosnia and Herzegovina and Republika Srpska, and Brcko District of Bosnia And Herzegovina .
  - c. the term " person " includes an individual, a company and any other body of persons ;
  - d. the term " company " means any body corporate or any entity which is treated as a body corporate for the tax purposes ;
  - e. the terms " enterprise of a Contracting State " and " enterprise of the other Contracting State " mean respectively an enterprise carried on by a resident of Contracting State and an enterprise carried on by a resident of the other Contracting State ;
  - f. The term "international traffic" means any transport by a ship or aircraft operated by an enterprise that has its place of effective management in a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
  - g. the term " competent authority " means :
    - i. in Jordan:  
the Minister of Finance or his authorized representative ;
    - ii. in Bosnia and Herzegovina:  
the Ministry of Finance and Treasury of Bosnia and Herzegovina, or its authorised representative.
  - h. the term " national " means :
    - i. any individual possessing the nationality of a Contracting State;
    - ii. any legal person, partnership and association deriving its status as such from the law in force in a Contracting State;
2. As regards the application of the Agreement at any time by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that State for the purposes of the taxes to which the agreement applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.



## *Article 4*

### RESIDENT

1. For the purposes of this Agreement, the term " resident of a Contracting State " means any person who, under the laws of that State , is liable to tax therein by reason of his domicile, residence , place of management or any other criterion of a similar nature . However, this term does not include any person who is liable to tax in that State in respect only of income from sources in that State.
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 only 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 only 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 ;
  - e. a workshop ;
  - f. a warehouse or premises used as sales outlet;
  - g. an industrial exhibition, if also used for sale of goods in industrial quantities ;
  - h. a mine, an oil or gas well, a quarry or any other place of extraction or exploration of natural resources, drilling rig or working ship used for exploration of natural resources; and
  - i. a farm or plantation.
3. The term " permanent establishment " likewise encompasses :
  - a. a building site, a construction, assembly or installation project or supervisory activities in connection therewith, but only where such site, project or activities continue for a period of more than six months within any twelve-month period;
  - b. the furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose, but only where activities of that nature continue ( for the same or a connected project ) within the country for a period or periods aggregating more than six months within any twelve month period .
  - c. An enterprise of a Contracting State shall be deemed to have a permanent establishment and to carry on trade or business through



that permanent establishment in the other Contracting State, if substantial equipment is being used in that other State by, for or under contract with the enterprise.

4. Notwithstanding the preceding provisions of this Article, the term "permanent establishment " shall be deemed not to include:
  - a. the use of the facilities solely for the purpose of storage or 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 or display or delivery, excluding solicitation of orders along with storage or display;
  - c. the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
  - d. the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or advertising, or for the supply or collecting of information for the enterprise, excluding contribution of subscription office with collecting information;
  - e. the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;
  - f. the maintenance of a fixed place of business solely for any combination of activities mentioned in sub-paragraphs a. to e. , provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character. In case the above activities are conducted not solely for the enterprise, they shall be deemed to constitute a permanent establishment of the enterprise.
5. Notwithstanding the provisions of paragraphs 1 and 2, where a person - other than an agent of an independent status to whom paragraph 7 applies - is acting in a Contracting State for or on behalf of an enterprise of the other Contracting State, that enterprise shall be deemed to have a permanent establishment in first-mentioned State in respect of any activities which that person undertakes for the enterprise, if such a person:
  - a. has and habitually exercises in that State an authority to conclude contracts in the name of 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;

b. habitually maintains in the first mentioned State a stock of goods or merchandise from which he regularly delivers goods or merchandise for or on behalf of the enterprise;

c. manufactures or processes in that State for the enterprise goods or merchandise belonging to the enterprise.

6. An insurance enterprise of a Contracting State shall, except with regard to reinsurance, be deemed to have a permanent establishment in the other Contracting State if it collect premiums in that other State or insures risks situated therein through an employee or through a representative who is not an agent of an independent status within the meaning of paragraph 7.
7. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other 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. However, when the activities of such an agent are devoted wholly or almost wholly for or on behalf of that enterprise or its associated enterprises, he will not be considered an agent of an independent status within the meaning of this paragraph.
8. 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 .



CHAPTER III  
TAXATION OF INCOME

*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, boats 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 (a) that permanent establishment; (b) sales in that other State of goods or merchandise of the same or similar kind as those sold through that permanent establishment; or (c) other business activities carried on in that other State of the same or similar kind as those effected through 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.
3. In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the business 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. However, no such deduction shall be allowed in respect of amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission, for specific services performed or for management, or, except in the case of a banking enterprise, by way of interest on moneys lent to the permanent establishment. Likewise, no account shall be taken, in the determination of the profits of a permanent establishment, for amounts charged (otherwise than towards reimbursement of actual expenses), by the permanent



establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission for specific services performed or for management, or, except in the case of a banking enterprise, by way of interest on moneys lent to the head office of the enterprise or any of its other offices.

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. A permanent establishment shall not be deemed to make profit because of 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

### INTERNATIONAL TRANSPORT

1. Profits from the operation of ships, aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated .
2. Profits from the operation of boats engaged in inland waterways transport shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.
3. If the place of effective management of a shipping enterprise or of an inland waterways transport enterprise is aboard a ship or boat, then it shall be deemed to be situated in the Contracting State in which the home harbor of the ship or boat is situated, or, if there is no such home harbor, in the Contracting State of which the operator of the ship or boat is a resident.
4. 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 a Contracting State includes in the profits of an enterprise of that State - and taxes accordingly - profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Agreement and the competent authorities of the Contracting States shall if necessary consult each other.
3. A Contracting State shall not change the profits of an enterprise in the circumstances referred to in paragraph 2 after the expiry of the time limits provided in its tax laws.
4. The provisions of paragraph 2 shall not apply in case of tax fraud.



## *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 beneficial owner of the dividends is a resident of the other Contracting State, 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 25 per cent of the capital of the company paying the dividends;
  - (b) 10 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, jouissance\_ shares or jouissance\_ rights, mining shares, founders' shares or 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 that 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 beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10 percent of the gross amount of the interest. The competent authorities of the Contracting State shall by mutual agreement settle the mode of application of this limitation.
3. 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, as well as income assimilated to income from money lent. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.
4. The provisions of paragraphs 1 and 2 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 a) permanent establishment or fixed base or with b)



business activities referred to under subparagraph (c) of paragraph 1 of Article 7. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

5. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political sub-division, 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.
6. 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.
7. Provisions of this article shall not apply if the main purpose or one of the main purposes of any of persons participating in creation or transfer of debts to which interest is paid to take advantage of this article in respect to above mentioned creation or transfer of debts.



## *Article 12*

### ROYALTIES

1. Royalties 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 royalties may also be taxed in the Contracting State in which they arise and according to the law of that State, but if the beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the royalties.
3. Notwithstanding the provisions of paragraph 3 (b) of Article 5 and Article 7, where an enterprise of a Contracting State furnishes services, including consulting services, through employees or other personnel engaged by the enterprise for such purpose, to an enterprise in the other Contracting State, the amount received by such enterprise for performing these services shall be deemed to arise in the other Contracting State and taxed therein, but if the recipient is a beneficial owner of such amount, the tax so charged shall not exceed 15 per cent of the gross amount.
4. 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 cinematographic films or films or tapes used for radio or television broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or a right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.
5. The provisions of paragraphs 1 and 2 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 a) permanent establishment or fixed base or with b) business activities referred to under c) of paragraph 1 of Article 7. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.
6. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political sub-division, a local authority or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties 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 royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would be 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.
3. Gains from the alienation of ships or aircraft operated in international traffic, boats engaged in inland waterways transport or movable property pertaining to the operation of such ships, aircraft or boats, shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.
4. Gains from alienation of immovable property in the other Contracting State include gains from share equities (including shares and other securities), other than stock market shares, the value of which is connected directly or indirectly with immovable property situated in that other state may be taxed in that other State.
5. Gains from alienation of shares other than those mentioned in paragraph 2, which represent a participation of at least 25 per cent in a company being a resident of a Contracting State, may be taxed in that State.



6. Gains from the alienation of any property other than that referred to in paragraphs from 1 to 5 shall be taxable only in the Contracting state of which the alienator is a resident.

## *Article 14*

### INDEPENDENT PERSONAL SERVICES

1. Income derived by an individual who is 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 except in the following circumstances when such income may also be taxed in the other Contracting State:
  - a. If he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities; in that case, only so much of the income as is attributable to that fixed base may be taxed in that other Contracting State; or
  - b. If his stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned; in that case, only so much of the income as is derived from his activities performed in that other State may be taxed in that other State, or
  - c. If the remuneration for his activities in the other Contracting State is paid by a resident of that Contracting State or is borne by a permanent establishment or a fixed base situated in that Contracting State and exceeds in the fiscal year USD 10,000.
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 any twelve-months period commencing or ending in the fiscal 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; or aboard a boat engaged in inland waterways transport, shall be taxed in the Contracting State in which the place of effective management of the enterprise is situated



**Article 16**  
**DIRECTOR'S FEES AND REMUNERATIONS OF TOP LEVEL  
MANAGEMENT OFFICEALS**

Director's fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors or in his capacity as an official in a top - level managerial position of a company which is a resident of the other Contracting State may be taxed in that other Contracting State .

**Article 17**  
**ARTISTES AND SPORTSPERSONS**

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 sportsperson, 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 sportsperson in his capacity as such accrues not to the entertainer or sportsperson 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 sportsperson are exercised.



## *Article 18*

### **PENSIONS AND ANNUITY**

1. Subject to the provisions of paragraph 2 of article 19, pensions, annuity and other similar remuneration paid to the individual who is resident of a Contracting State, in consideration of past employment shall be taxed in that Contracting State.
2. For the purposes of this Article:
  - a) The term pensions and other similar remuneration means periodical payment made after retirement in consideration of past employment or as a compensation for injuries caused in consideration with past employment.
  - b) the term "annuity" means a stated sum payable to an individual periodically at stated times during life, or during a specified or ascertainable period of time, under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

## *Article 19*

### **GOVERNMENT SERVICE**

1.
  - a) Salaries, wages and other 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 salaries, wages and other 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 pensions 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 local authority thereof 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 other State.
3. The provisions of Articles 15, 16, 17 and 18 shall apply to remuneration, and to 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*

### **TEACHERS AND RESEARCHERS**

1. An individual who visits a Contracting State for the purpose of teaching or carrying out research at a university, college, school or other recognised educational institution in that State and who is or was immediately before that visit a resident of the other Contracting State, shall be exempt from taxation in the first-mentioned Contracting State on remuneration for such teaching or research for a period not exceeding two years from the date of his first visit for that purpose, provided that such remuneration is derived by him from outside that State.
2. The provisions of paragraph 1 of this Article shall not apply to income from research if such research is undertaken not in the public interest but primarily for the private benefit of a specific person or persons.



## *Article 21*

### **STUDENTS AND TRAINEES**

1. Payments which 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 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.
2. In respect of grants, scholarships and remuneration from employment not covered by paragraph 1, a student or business trainee described in paragraph 1 shall, in addition, be entitled during such education or training to the same exemption, relieves or reductions in respect of taxes available to residents of the Contracting State which he is visiting. Provided that no exemption shall be available to the remuneration from employment beyond a period of regular studies under official studies programs.

## *Article 22*

### **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. Notwithstanding the provisions of paragraphs 1 and 2, items of income of a resident of a Contracting State not dealt with in the foregoing articles of this



Agreement and arising in the other Contracting State may also be taxed in that other State.

#### CHAPTER IV ELIMINATION OF DOUBLE TAXATION

##### *Article 23*

1. In the case of the resident of Jordan, double taxation shall be avoided as follows:

Where a resident of Jordan derives income which, in accordance with the provisions of this Agreement, may be taxed in Bosnia and Herzegovina, Jordan shall allow:

- as a deduction from the tax on the income of that resident, an amount equal to the tax on income paid in Bosnia and Herzegovina;

Such deduction in either case shall not, however, exceed that part of the income tax, as computed before the deduction is given, which is attributable, as the case may be, to the income which may be taxed in Bosnia and Herzegovina.

2. In the case of the resident of Bosnia and Herzegovina, double taxation shall be avoided as follows:

Where a resident of Bosnia and Herzegovina derives income, which, in accordance with the provisions of this Agreement, may be taxed in Jordan, Bosnia and Herzegovina shall allow:

- as a deduction from the tax on the income of that resident, an amount equal to the tax on income paid in Jordan.

Such deduction in either case shall not, however, exceed that part of the income tax, as computed before the deduction is given, which is attributable, as the case may be, to the income which may be taxed in Jordan.

3. Where, in accordance with any provision of this agreement, income derived by a resident of a Contracting State is exempt from tax in that State; such State may nevertheless, in calculating the amount of tax on the remaining income of such resident, take into account the exempted income.

4. Where in accordance with the laws of a Contracting State, taxes covered by this agreement are exempted or reduced in accordance with special investment



incentive measures, such taxes which have been payable in accordance with this agreement but have been exempted or reduced shall be deemed to have been paid for the purposes of the paragraph 1.

CHAPTER V  
SPECIAL PROVISIONS

*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. The 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 favorably levied in that other State than the taxation levied on enterprise 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, relieves and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.
3. 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 that first-mentioned State are or may be subjected.
4. Except where the provisions of paragraph 1 of Article 9, paragraph 7 of Article 11, or of paragraph 6 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 .

5. In this Article the term " taxation " means 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 . Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States .
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 foregoing articles of this agreement. The competent authorities, through consultations shall develop appropriate bilateral procedures, conditions, methods and techniques for the implementation of the mutual agreement procedure provided for in this Article.

## *Article 26*

### EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Agreement or of the domestic laws of the Contracting States concerning taxes covered by the Agreement insofar as the taxation thereunder is not contrary to the Agreement. The exchange of information is not restricted by Articles 1 and 2. Any information received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities ( including courts and administrative bodies ) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by the Agreement. 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.
2. In no case shall the provisions of paragraph 1 be construed so as to impose on a Contracting State the obligation :
  - a. to carry out administrative measures at variance with the laws and the administrative practice of that or of the other Contracting State ;



- b. to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State ;
- c. to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy ( ordre public ) .

### *Article 27*

#### **DIPLOMATIC AGENTS AND CONSULAR OFFICERS**

Nothing in this Agreement shall affect the fiscal privileges of diplomatic agents or consular officers under the general rules of international law or under the provisions of special agreements.

### **ARTICLE 28**

#### **PREVENTION OF FISCAL EVASION**

The provisions of this Agreement shall in no case prevent either Contracting State from the application of the provisions of its domestic laws aiming at the prevention of fiscal evasion, in particular the provisions on thin capitalisation, transfer pricing, etc.



CHAPTER VI  
FINAL PROVISIONS

*Article 29*

ENTRY INTO FORCE

1. This Agreement shall enter into force on the later of the dates on which the respective Governments may notify each other in writing that the formalities constitutionally required in their respective States have been complied with.
2. This Agreement shall have effect:
  - a. in respect of taxes withheld at source to income derived on or after 1st January in the calendar year next following the year in which the Agreement enters into force ; and
  - b. in respect of other taxes on income for taxable year beginning on or after 1st January in the calendar year next following the year in which the Agreement enters into force .

*Article 30*

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 on or before the thirtieth day of June of any calendar year following after the period of five years from the year in which the Agreement enters into force.  
In such event, the Agreement shall cease to have effect:



- a. in respect of taxes withheld at source to income derived on or after 1st January in the calendar year next following the year in which such notice has been given;
- b. in respect of other taxes on income for taxable year beginning on or after 1st January in the calendar year next following the year in which such notice has been given .

*IN WITNESS* whereof the undersigned, being duly authorized thereto, have signed this Agreement .

*DONE* at *Amman* this *25* day of *June* , 2007  
in the languages : Arabic, Bosnian/Croatian/Serbian/ and English, each in two copies, all texts being equally authentic . In case of any divergence of interpretation, the English text shall prevail .

*For the Government of*

*Hashemite Kingdom of Jordan*

*For the Council of Ministers*

*of Bosnia and Herzegovina*

