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**AGREEMENT BETWEEN  
THE GOVERNMENT OF THE REPUBLIC OF INDONESIA  
AND  
THE GOVERNMENT OF THE CZECH REPUBLIC**

**FOR  
THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT  
TO TAXES ON INCOME**

**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 imposed 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 amounts of wages or salaries paid by enterprises.
3. The existing taxes to which the Agreement shall apply are:

(a)  
in Indonesia  
:  
the income  
tax imposed  
under the  
Undang-  
undang  
Pajak  
Penghasilan  
1984 (Law  
No. 7 of  
1983),  
except the  
income tax  
paid under  
production  
sharing  
contracts,  
contracts of  
works and  
other similar  
contracts in  
the oil and  
gas sector,  
and other  
mining  
sectors;  
(hereinafter  
referred to  
as  
"Indonesian  
tax");

(b)  
in the Czech  
Republic :

the tax on  
--income of  
individuals;  
the tax on  
income of  
--legal  
persons;  
the tax on  
--immovable  
property;

(hereinafter  
referred to  
as "Czech  
tax").

4. This Agreement shall also apply to any identical or substantially similar taxes on income which are imposed after the date of signature of this Agreement in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify to each other any significant changes which have been made in their respective taxation laws.

## Article 3 GENERAL DEFINITIONS

1. In this Agreement, unless the context otherwise requires:

- (a) the term "Indonesia" comprises the territory of the Republic of Indonesia as defined in its laws and the adjacent areas over which the Republic of Indonesia has sovereign rights or jurisdiction in accordance with the provisions of the United Nations Convention on the Law of the Sea, 1982;
- (b) the term "Czech" means the Czech Republic;
- (c) the terms "a Contracting State" and "the other Contracting State" mean the Czech Republic and Indonesia as the context requires;
- (d) the term "person" comprises 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 "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;

(h) 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;

(i) the term "competent authority" means:

(i)  
in the  
case  
of  
Indonesia,  
the  
Minister  
of  
Finance  
or his  
authorized  
representative.

(ii)  
in the  
case  
of the  
Czech  
Republic,  
the  
Minister  
of  
Finance  
of the  
Czech  
Republic  
or his  
authorized  
representative.

2. In the application of this Agreement by a Contracting State, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of this Agreement.

## **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 taxation therein by reason of his domicile, residence, place of management 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 in accordance with the following rules:

(a)  
he shall be  
deemed to  
be a  
resident of  
the  
Contracting  
State in  
which he  
has a  
permanent  
home  
available to  
him. If he  
has a  
permanent  
home  
available to  
him in both  
Contracting  
States, he  
shall be  
deemed to  
be a  
resident of  
the  
Contracting  
State with  
which his  
personal  
and  
economic  
relations  
are closer  
(centre of  
vital  
interests);

(b) if the Contracting 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 Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;

(c) if he has an habitual abode in both Contracting States or in 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, the competent authorities of the Contracting States shall settle the question by mutual agreement.

## **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" shall include especially:
  - (a) a place of management;
  - (b) a branch;
  - (c) an office;
  - (d) a factory;
  - (e) a workshop;
  - (f) a mine, an oil or gas well, a quarry or other place of extraction of natural resources.
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 6 (six) months;



(b)  
the  
furnishing of  
services,  
including  
consultancy  
by an  
enterprise  
through  
employees  
or the  
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 3  
(three)  
months  
within any  
twelve-  
month  
period.

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 or  
display 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;

(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 for  
collecting  
information,  
for the  
enterprise;

(e)  
the  
maintenance  
of a fixed  
place of  
business  
solely for the  
purpose of  
advertising,  
for the  
supply of  
information,  
for scientific  
research or  
for similar  
activities  
which have a  
preparatory  
or auxiliary  
character,  
for 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 on behalf of an enterprise of the other Contracting State, that enterprise shall be deemed to have a permanent establishment in the first-mentioned State in respect of any activities which that person undertakes for the enterprise, if such a person 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.
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 collects 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 on behalf of that enterprise, 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 make either company a permanent establishment of the other.

## Article 6 INCOME FROM IMMOVABLE PROPERTY

1. Income from immovable property including income from agriculture or forestry may be taxed in the Contracting State in which such property is situated.

- (a)  
2. The term  
"immovable  
property"  
shall, subject  
to the  
provisions of  
sub-  
paragraphs  
(b) and (c),  
be defined in  
accordance  
with the law  
of the  
Contracting  
State in  
which the  
property in  
question is  
situated.

(b)  
The  
term  
"immovable  
property"  
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  
immovable  
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

(c)  
Ships  
and  
aircraft  
shall  
not  
be  
regarded  
as  
immovable  
property.

3. The provisions of paragraph 1 shall also 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 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. 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. In so far 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 laid down 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 head office of the enterprise.
6. For the purpose 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 of an enterprise of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that State.
2. The provisions of paragraph 1 shall also apply to profits from participation in a pool, a joint business or an international operating agency.

## Article 9 ASSOCIATED ENTERPRISES

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.

## Article 10 DIVIDENDS



1. Dividends declared by a company which is a resident of a Contracting State derived by 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)  
10 per cent of the gross amount of the dividends if the beneficial owner is a company which holds directly at least 20 per cent of the capital of the paying company;
  - (b)  
15 per cent of the gross amount of the dividends in all other cases.
3. The provisions of paragraph 2 shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.
4. The term "dividends" as used in this Article means income from shares, or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subject to the same taxation treatment as income from shares by the taxation law of the State of which the company making the distribution is a resident.
5. The provisions of paragraph 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.

6. 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.
7. Notwithstanding any other provisions of this Agreement where a company which is a resident of a Contracting State has a permanent establishment in the other Contracting State, the profits of the permanent establishment may be subjected to an additional tax in that other State in accordance with its law, but the additional tax so charged shall not exceed 12.5 per cent of the amount of such profits after deducting therefrom income tax and other taxes on income imposed thereon in that other State.
8. The provisions of paragraph 7 of this Article shall not affect the provisions contained in any production sharing contracts and contracts of work (or any other similar contracts) relating to oil and gas sector or other mining sector.

## Article 11 INTEREST

1. Interest arising in a Contracting State and derived by 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 12.5 per cent of the gross amount.

The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

3. Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State and derived by the Government of the other Contracting State including local authorities thereof, the Central Bank or any financial institution controlled by that Government, shall be exempt from tax in the first-mentioned State.

4. For the purposes of paragraph 3, the terms "the Central Bank" and "financial institution controlled by that Government" mean:

(a)  
in the case of  
Indonesia:

(i) the "Bank  
Indonesia"  
(the Central  
Bank of  
Indonesia);

(ii) such other financial institution, the capital of which is wholly owned by the Government of the Republic of Indonesia, as may be agreed upon from time to time between the Government of the Contracting States.

(b) in the case of the Czech Republic:

(i) the Czech State Bank (the Central Bank of the Czech Republic);

(ii) such other financial institution, the capital of which is wholly owned by the Government of the Republic of Indonesia, as may be agreed upon from time to time between the Government of the Contracting States.

5. 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 by the taxation law of the State in which the income arises.
6. 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 services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with a) such 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 14, as the case may be, shall apply.
7. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, 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.

8. 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 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 laws of that State, but if the recipient is the beneficial owner of the royalties the tax so charged shall not exceed 12.5 per cent of the gross amount of the royalties. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.
3. 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 or films or tapes for radio or television broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial, or scientific equipment, or for information concerning industrial, commercial or scientific experience.
4. 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 a 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  
(a) establishment  
or fixed base,  
or with  
business  
activities
  - (b) 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.

5. Royalties shall be deemed to arise in a Contracting State when the payer is that Contracting State itself, a political subdivision, a local authority or a resident of that Contracting 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 Contracting 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 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 payment 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 from the alienation of immovable property, as defined in paragraph 2 of Article 6 may be taxed in the Contracting State in which such immovable property is situated.
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 permanent establishment (alone or together with the whole enterprise) or of such fixed base, may be taxed in the other State.
3. Gains derived by a resident of a Contracting State from the alienation of aircraft or ships operated in international traffic or movable property pertaining to the operation of such aircraft or ships shall be taxable only in that State.
4. Gains from the alienation of any property other than that referred to in the preceding paragraphs 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 or if he is present in that other State for a period or periods exceeding in the aggregate 91 days in any taxable year. If he has such a fixed base or remains in that other State for the aforesaid period or periods, the income may be taxed in the other State but only so much of it as is attributable to that fixed base or is derived in that other State during the aforesaid period or periods.
2. The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, engineers, lawyers, dentists, architects and accountants.

## **Article 15 DEPENDENT PERSONAL SERVICES**

1. Subject to the provisions of Articles 16, 18, 19 and 20, 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  
within any  
twelve month  
period, 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, shall be taxable in that State.

## **Article 16 DIRECTORS' FEE**

Directors' fees and similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors or another similar organ of a company which is a resident of the other Contracting State may be taxed in that other State.

## **Article 17 ARTISTES AND ATHLETES**

1. Notwithstanding the provisions of Articles 14 and 15, income derived by public entertainers, such as theatre, motion picture, radio or television artistes, and musicians, and by athletes from their personal activities as such may be taxed in the Contracting State in which these activities are exercised.

2. Where income in respect of personal activities exercised by an entertainer or an athlete in his capacity as such accrues not to the entertainer or athlete 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 athlete are exercised.
3. Notwithstanding the provisions of paragraphs 1 and 2, income derived from activities referred to in paragraph 1 performed under a cultural agreement or arrangement between the Contracting States, shall be exempt from tax in the Contracting State in which the activities are exercised if the visit to that State is wholly or substantially supported by funds of the other Contracting State, a local authority or public institution thereof.

## **Article 18 GOVERNMENT SERVICES**

1.
  - (a) Remuneration, other than a pension, paid by a Contracting State, or a local authority thereof to an individual in respect of services rendered to that State or local authority shall be taxable in that State.
  - (b) However, such remuneration shall be taxable only in the other Contracting State if the services are rendered in that other 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 local authority thereof to an individual in respect of services rendered to that State 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 other 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 local authority thereof.

## **Article 19 PENSIONS**

1. Subject to the provisions of paragraph 2 of Article 18, any pensions and other similar remuneration paid to a resident of a Contracting State from a source in the other Contracting State in consideration of past employment or services in that other Contracting State and any annuity paid to such a resident from such a source may be taxed in that other State.
2. The term "annuity" means a stated sum payable 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's worth.

## **Article 20 STUDENTS, PROFESSORS AND RESEARCHERS**



1. Payments which a student or business apprentice who is present in a Contracting State solely for the purpose of his education or training and who is or was immediately before such a visit a resident of the other Contracting State received for the purpose of his maintenance, education or training shall not be taxed in the first-mentioned Contracting State, provided that such payments are made to him from sources outside that State.
2. A student at a university or other institution for higher education in a Contracting State, or a business apprentice who is present in the other Contracting State for a period or periods not exceeding 183 days within any twelve month period and who is or was immediately before such visit a resident of the first-mentioned State, shall not be taxed in the other Contracting State in respect of remuneration for services rendered in that other State, provided that the services are in connection with his studies or training and the remuneration constitutes earnings necessary for his maintenance.
3. Remuneration which a resident of a Contracting State receives for undertaking research or for teaching, during a period of temporary residence not exceeding two years, at a university, research institute or other similar establishment for higher education accredited by the Government in the other Contracting State shall not be taxable in this Contracting State.

## **Article 21 OTHER INCOME**

Items of income of a resident of a Contracting State which are not expressly mentioned in the foregoing Articles of this Agreement shall be taxable only in that State except that, if such income is derived from sources within the other Contracting State, it may also be taxed in that other State.

## **Article 22 ELIMINATION OF DOUBLE TAXATION**

1.

In Indonesia, double taxation will be avoided in the following manner:

Where a resident of Indonesia derives income from the Czech Republic and such income may be taxed in the Czech Republic in accordance with the provisions of this Agreement, the amount of the Czech tax payable in respect of the income shall be allowed as a credit against the Indonesian tax imposed on that resident. The amount of credit, however, shall not exceed that part of the Indonesian tax which is appropriate to such income.

2.

In the Czech Republic, double taxation will be avoided in the following manner:

The Czech Republic when imposing taxes on its residents may include in the tax base upon which such taxes are imposed the items of income which according to the provisions of this Agreement may also be taxed in Indonesia but shall allow as a deduction from the amount of tax computed on such a base an amount equal to the tax paid in Indonesia. Such deduction shall not, however, exceed that part of the Czech tax as computed before the deduction is given, which is appropriate to the income which, in accordance with the provisions of this Agreement may be taxed in Indonesia.

## **Article 23 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 are or may be subjected.

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 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 personal allowances, reliefs and reductions for tax 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 Contracting 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. In this Article the term "taxation" means taxes which are the subject of this Agreement.

## **Article 24** **MUTUAL AGREEMENT PROCEDURE**

1. Where a resident of a Contracting State considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with this Agreement, he may, notwithstanding the remedies provided by the national laws of those States, present his case to the competent authority of the Contracting State of which he is a resident.
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 an appropriate 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 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. When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take place through a Commission consisting of representatives of the competent authorities of the Contracting States.

## **Article 25** **EXCHANGE OF INFORMATION**

1. The competent authorities of the Contracting States shall exchange such information as is necessary for the carrying out of this Agreement and of the domestic laws of the Contracting State concerning taxes covered by this Agreement in so far as the taxation thereunder is in accordance with this Agreement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons or authorities, including courts, other than those concerned with the assessment, collection, enforcement or prosecution in respect of taxes which are the subject of the Agreement.
2. In no case shall the provisions of paragraph 1 be construed so as to impose on one of the Contracting States the obligation:

- (a) to carry out administrative measures at variance with the laws or the administrative practice of that or of the other Contracting State;
- (b) to supply particulars which are 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 26 DIPLOMATIC AND CONSULAR OFFICIALS**

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

## **Article 27 MISCELLANEOUS RULES**

# Tax Treaty Czech Republic - Republik Ceko

The provisions of this Agreement shall not be construed to restrict in any manner any exclusion, exemption, deduction, credit, or other allowance now or hereafter accorded:

(a)  
by the laws  
of a  
Contracting  
State in the  
determination  
of the tax  
imposed by  
that State, or

(b)  
by any other  
special  
arrangement  
on taxation in  
connection  
with the  
economic or  
technical  
cooperation  
between the  
Contracting  
States.

## Article 28 ENTRY INTO FORCE

1. The Governments of the Contracting States shall notify to each other that the constitutional requirements for the entry into force of this Agreement have been complied with.
2. The Agreement shall enter into force on the date of the later of the notifications referred to in paragraph 1 and its provisions shall have effect:

(a)  
in respect  
of taxes  
withheld  
at source,  
to amounts  
derived on  
or after 1st  
January in  
the  
calendar  
year next  
following  
that in  
which the  
Agreement  
enters into  
force;

- (b)  
in respect  
of other  
taxes on  
income, to  
taxes  
chargeable  
for any  
taxable  
year  
beginning  
on or after  
1st  
January in  
the  
calendar  
year next  
following  
that in  
which the  
Agreement  
enters into  
force.

## Article 29 TERMINATION

This Agreement shall remain in force until terminated by one of the Contracting States. Either Contracting State may terminate the Agreement, through diplomatic channels, by giving written notice of termination at least six months before the end of any calendar year following after the period of five years from the date on 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  
amounts  
derived on  
or after  
1st  
January in  
the  
calendar  
year next  
following  
that in  
which the  
notice is  
given;

(b)  
in respect  
of other  
taxes on  
income, to  
taxes  
chargeable  
for any  
taxable  
year  
beginning  
on or after  
1st  
January in  
the  
calendar  
year next  
following  
that in  
which the  
notice is  
given.

In witness whereof the undersigned, duly authorised thereto, have signed this Agreement.

Done in duplicate at ... on the 4th day of October 1994 in the English language.

For the Government of  
the Republic of Indonesia

Soesilo Soedarman  
Minister For Foreign Affairs a.i

For the Government of  
the Czech Republic

Vaclav K Laus  
Prime Minister

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## PROTOCOL

### TO THE AGREEMENT BETWEEN THE GOVERNMENT OF THE CZECH REPUBLIC AND THE GOVERNMENT OF THE REPUBLIC OF INDONESIA FOR THE AVOIDANCE OF DOUBLE TAXATION

At the moment of signing this Agreement the undersigned have agreed:

**Ad Article 7 paragraph 1 (c):**

In computing the taxable profit of an enterprise according to Article 7 paragraph 1(c), the profits from activities in the form mentioned in Article 5 paragraph 3(a) shall be attributable to the existing permanent establishment only when these activities meet the corresponding time test for each separate project.

# Tax Treaty Czech Republic - Republik Ceko

For the Government of  
the Republic of Indonesia

Soesilo Soedarman  
Minister For Foreign Affairs a.i

For the Government of  
the Czech Republic

Vaclav K Laus  
Prime Minister

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