

subjects by the Treaty of Commerce and Navigation signed at Madrid on 31st October, 1922.

ARTICLE 3.

In particular it is agreed that the Companies of one Contracting Party, when carrying on business in the territories of the other, shall not be subject in respect of their property, business, trade, industry or any other matter, to taxes, general or local, or imposts of any kind whatever, other or greater than those which are or may be imposed on the Companies of the second Contracting Party.

ARTICLE 4.

Any taxes or imposts levied on the Companies of either Contracting Party in the territories of the other shall be strictly limited—

- (a) if levied on capital, to that part of the capital which is effectively engaged within;
- (b) and if based on volume of business done, to the business carried on or controlled within;
- (c) and if based on profits, to profits arising from business carried on or controlled within;

that part of the territories of the second Contracting Party in which similar taxes or imposts are levied on the Companies of that Party. Such taxes or imposts shall be levied at rates not greater than those applicable to the Companies of that Party.

This Article in no way affects the powers which, under the laws of either Contracting Party in force at the date of signature of this Agreement, the Administrative Authorities possess for the determination of the amount of capital employed by a foreign Company, or profits of the Company, in the territory in which the tax is levied, subject always to the provisions of Article 5 of this Agreement.

ARTICLE 5.

Notwithstanding the provisions of the preceding Article, if the law of either of the Contracting Parties requires as a general rule, for all classes of Companies, that the amount of any tax levied on Companies of the other Contracting Party carrying on business in the territory of the first Party shall be computed on a percentage of the total profits or total capital of the Company as a whole, then the percentage shall be calculated in accordance with the following provisions:—

- (a) In the case of a deposit bank the percentage shall not exceed the proportion of the total of deposit and