

2. Paragraph 1 of Article 3 (General Definitions) of the Convention shall be amended by adding thereto, immediately after subparagraph (h), the following subparagraph (i):

- "(i) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except where the operation of the ship or aircraft is solely between places in the other Contracting State."

Article IV

Paragraph 1 of Article 4 (Fiscal Domicile) of the Convention shall be deleted and replaced by the following:

"1. For the purposes of this Convention, the term "resident of a Contracting State" means:

- (a) 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; and
- (b) the Government of that Contracting State or a political subdivision or local authority thereof or any agency or instrumentality of any such government, subdivision or authority.

However, the term does not include a permanent establishment within the meaning of subparagraph c. of paragraph (3) of Article 2 of the Indonesian Law Number 7 of 1983 concerning income tax as amended."

Article V

1. Subparagraph 2 (h) of Article 5 (Permanent Establishment) of the Convention shall be deleted and replaced by the following :

- "(h) a building site, a construction, installation or assembly project or supervisory activities in connection therewith, where such site, project or activity continues for a period of more than 120 days;"

2. Subparagraph 2 (i) of Article 5 (Permanent Establishment) of the Convention shall be deleted and replaced by the following: