

**PROTOCOL BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF POLAND
AND THE GOVERNMENT OF THE REPUBLIC OF ICELAND**

AMENDING THE AGREEMENT BETWEEN
THE GOVERNMENT OF THE REPUBLIC OF POLAND
AND THE GOVERNMENT OF THE REPUBLIC OF ICELAND
FOR THE AVOIDANCE OF DOUBLE TAXATION AND
THE PREVENTION OF FISCAL EVASION
WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL SIGNED IN
REYKJAVIK ON 19 JUNE 1998

The Government of the Republic of Poland and the Government of the Republic of Iceland, desiring to conclude a Protocol amending the Agreement between the Government of the Republic of Poland and the Government of the Republic of Iceland, for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital, signed in Reykjavik on 19 June 1998 (hereinafter referred to as "the Agreement"),

Have agreed as follows:

ARTICLE I

Article 23 (Elimination of double taxation) of the Agreement shall be deleted and replaced by the following:

“Article 23 ELIMINATION OF DOUBLE TAXATION

1. In the case of Poland, double taxation shall be avoided as follows:
 - a) Where a resident of Poland derives income or owns capital which, in accordance with the provisions of this Agreement may be taxed in Iceland, Poland shall, subject to the provisions of sub-paragraph b) of this paragraph, exempt such income or capital from tax;
 - b) Where a resident of Poland derives income which, in accordance with the provisions of Article 10, 11, 12 or 13 of this Agreement, may be taxed in Iceland, Poland shall allow as a deduction from the tax on income of that resident an amount equal to the tax paid in Iceland. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable to such income or capital gains derived from Iceland.
2. In the case of Iceland, double taxation shall be avoided as follows:
 - a) Where a resident of Iceland derives income which, in accordance with the provisions of this Agreement, may be taxed in Poland, Iceland shall allow as a deduction from the tax on the income of that resident, an amount equal to the Polish tax paid on that income;
 - b) Where a resident of Iceland owns capital which, in accordance with the provisions of this Agreement, may be taxed in Poland, Iceland shall allow as a deduction from the tax on the capital of that resident, an amount equal to the Polish tax paid on that capital.

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

3. Where in accordance with any provision of the Agreement income derived or capital owned 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 or capital of such resident, take into account the exempted income or capital.”.

ARTICLE II

Article 26 (Exchange of Information) of the Agreement shall be deleted and replaced by the following:

“Article 26 EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Agreement or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Agreement. The exchange of information is not restricted by Articles 1 and 2.
2. Any information received under paragraph 1 by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions. Notwithstanding the foregoing, information received by a Contracting State may be used for other purposes when such information may be used for such other purposes under the laws of both States and the competent authority of the supplying State authorises such use.
3. In no case shall the provisions of paragraphs 1 and 2 be construed so as to impose on a Contracting State the obligation:
 - a) to carry out administrative measures at variance with the laws and 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).
4. If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.

5. In no case shall the provisions of paragraph 3 be construed to permit a Contracting State to decline to supply information upon request solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.”.

ARTICLE III

1. The Contracting States shall notify each other through diplomatic channels that the constitutional requirements for the entry into force of this Protocol have been completed with.

2. This Protocol shall enter into force thirty days after the date of the latter of the notifications referred to in paragraph 1 and its provisions shall apply:

- a) in respect of taxes withheld at source, on income derived on or after 1st January in the calendar year next following the year in which the notice is given;
- b) in respect of other taxes on income and taxes on capital for taxes chargeable for any fiscal year beginning on or after 1st January in the calendar year next following the year in which the notice is given.

ARTICLE IV

This Protocol, which shall form an integral part of the Agreement, shall remain in force as long as the Agreement remains in force and shall apply as long as the Agreement itself is applicable.

IN WITNESS WHEREOF, the undersigned duly authorized thereto, have signed this Protocol.

DONE in duplicate at REYKJAVIK this 16th day of MAY 2012, in the Polish, Icelandic and English languages, all texts being equally authentic. In case of divergence between any of the texts, the English text shall prevail.

**For the Government of
the Republic of Poland**



**For the Government of
the Republic of Iceland**

