

Treaties Department - Ministry Of Foreign Affairs - Israel

C O N V E N T I O N

BETWEEN THE STATE OF ISRAEL AND THE ITALIAN REPUBLIC

FOR THE PREVENTION OF DOUBLE TAXATION ON ESTATES AND

INHERITANCES

CONVENTION

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THE GOVERNMENT OF THE STATE OF ISRAEL AND THE GOVERNMENT OF THE ITALIAN REPUBLIC, desirous of concluding a convention between them for the prevention of double taxation on estates and inheritances, have agreed upon the following articles :

Article I

The taxes to which this Convention relates are the following :

- (a) in the case of Italy :
 - (1) estate tax ;
 - (2) the tax on the net total value of the inheritance ;
- (b) in the case of Israel :
 - estate tax.

This Convention shall apply also to any such other tax on estates or inheritances, of a substantially similar character, as either Contracting State may impose after the signing of this Convention.

The competent authorities of the Contracting States shall notify each other at the end of every year of any material change in their fiscal legislation relating to estate and inheritance taxes.

Article II

For the purposes of this Convention :

- (a) the term « Italy » means the Italian Republic ;
- (b) the term « Israel » means the State of Israel ;
- (c) the term « tax » means the tax on the net total value of the inheritance, and the estate tax, levied by Italy or the estate tax levied by Israel, as the context may require ;

(d) the term « competent authority » means, in the case of Italy, the Ministry of Finance, Directorate-General of Taxes and Indirect Imposts on Business Transactions (Direzione Generale delle Tasse ed Imposte Indirette sugli Affari), and in the case of Israel, the Minister of Finance or his representative.

Article III

1. In the case of the succession of a person who, at the time of his death, was domiciled in one of the Contracting States, the place where each of the following kinds of assets is situated shall, for the purposes of the imposition of tax, be determined solely according to the following rules :

(a) Immovable property shall be considered situated in the place where it actually is.

(b) Movable material assets (except such for which special provisions are laid down below) and bank notes, currency notes and other forms of money recognised as legal tender in their place of issue are considered situated in the place where they are at the time of the deceased's death or, if in transit, in the place of destination.

(c) Claims (including bonds, promissory notes and bills of exchange) are considered situated in the State where the debtor is domiciled or, if the debtor is a body corporate, in the State where the same is established or operates.

(d) Shares or interests in bodies corporate are considered situated in the State in which the body corporate is established or operates.

(e) Vessels, aircraft and any shares therein are considered situated in the place of registration thereof.

(f) Assets invested in a commercial or industrial undertaking, or connected with the practice of a profession, and assigned to a permanent establishment situated in either of the Contracting States, including the goodwill attaching thereto, are chargeable with tax in that State.

The term « permanent establishment » means a permanent place of business where the business of the undertaking is conducted wholly or in part.

A « permanent establishment » may be any of the following :

- (i) headquarters ;
- (ii) a branch ;
- (iii) an office ;
- (iv) a factory ;
- (v) a workshop ;
- (vi) a mine, a quarry or any other place where natural resources are exploited ;
- (vii) a construction or assembly site existing for more than twelve months.

(g) Patents, trade marks and designs shall be considered situated in the place where they are registered.

(h) Copyrights, exclusive rights, rights in artistic and scientific works and rights and permits to use any material, or any artistic or scientific work, covered by a copyright or by a patent, trade mark or design are considered situated in the place where the rights deriving therefrom are exercised.

(i) Any assets other than the abovementioned shall be considered situated in the State in which the deceased was domiciled at the time of his death.

Article IV

For the purposes of this Convention, « domicile » means the place where the business and interests of the deceased were mainly located.

If it is doubtful in which of the two States the deceased had his domicile, within the meaning of the preceding paragraph, or if the deceased could be considered to have been domiciled in both States, the question shall be decided by special agreement between the competent authorities of the two States. For that purpose, it shall be taken into consideration with which of the two States the deceased, at the time of his death, had closer personal and economic ties. If the deceased had his domicile in neither of the two Contracting States, he shall be considered to have been domiciled in the State in which he resided. If he resided in both States, the question of his domicile shall be decided by special agreement between the competent authorities of the two States.

Article V

Debts resting upon any of the assets referred to in Article III of this Convention or secured by any such assets shall be deducted in the State in which such assets are chargeable with tax, for the value of such assets, or of any other assets which that State has the right to charge with tax. Debts other than the aforesaid shall be deducted from the value of the assets chargeable with tax in the State in which the deceased was domiciled at the time of his death.

If the debts which under the first paragraph are deductible in one of the two States exceed the total value of the assets which that State has the right to charge with tax, the excess shall be deducted from the value of the assets chargeable with tax in the other State.

Article VI

No tax shall be imposed on assets which a deceased person, who at the time of his death was domiciled in one of the Contracting States, willed to any of the following :

- (1) the other Contracting State;

(2) a local authority in the other Contracting State for religious, educational, cultural, charitable or welfare purposes ;

(3) an institution established or to be established in the other Contracting State for any of the said purposes and approved in that behalf by such State.

Article VII

The competent authorities of the Contracting States shall furnish each other with the informations required for the implementation of the provisions of this Convention, as far as such informations are available under their respective fiscal laws. Informations so supplied shall be kept secret and shall be disclosed only to those (including judicial authorities) who are interested in the assessment and collection of, or in appeals relating to, taxes dealt with by this Convention. No information shall be supplied by which a secret or an industrial or commercial process is likely to be disclosed.

Article VIII

Any taxpayer who proves that taxes imposed or intended to be imposed on him involve or may involve double taxation contrary to the principles of this Convention may lodge objection with the competent authority of the State in which he is considered domiciled under article IV or in which the deceased was considered domiciled under this Convention at the time of his death.

If the objection is found to be justified, the State shall adopt the necessary measures to end the double taxation.

Objection shall be lodged within three years from the end of the solar year in which the taxpayer learned of the double taxation.

Article IX

The provisions of this Convention shall not be construed as negating or impairing in any way the right of diplomatic or consular personnel to other or greater exemptions now enjoyed by them or which may be granted them in the future.

The provisions of this Convention shall in no case be construed as increasing the burden of taxation in either of the Contracting States.

Where doubts or difficulties arise concerning the interpretation or application of this Convention, the competent authorities of the Contracting States may settle the matter by mutual agreement.

Article X

The competent authorities of the Contracting States may enact the necessary regulations for the interpretation of this Convention and may contact each other directly for carrying them into effect.

Article XI

This Convention shall be ratified and the relative instruments shall be exchanged at Jerusalem as soon as possible.

This Convention shall have effect from the date of the exchange of the instruments of ratification and shall apply to successions devolving on or after that date. It shall have effect for a period of five years from the date of the exchange of the instruments of ratification and for an unlimited period thereafter. It may, however, be terminated by either of the Contracting States at the end of the said five-year period, or at any time thereafter, by at least six months' advance notice. In that case, the Convention shall cease to have effect on the 1st day of January next following the expiration of the said six months.

DONE at Rome on the 22 April 1968 corresponding to 24 Nissan 5728 in duplicate, in the Hebrew, Italian and English languages, each text being equally authentic, except in the case of doubt, when the English text shall prevail.

*For the Government
of the State of Israel*

Ehud Avriel.

*For the Government
of the Italian Republic*


