

Problems of Double Taxation of Income of Non-Residents in Case of Bilateral Agreements

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ABSTRACT

Foreign Enterprises in case of performing business activity and about taxation of income should consider two or more legal systems or else the legal system of the country in which the enterprise have permanent business activity and the legal system of the country in which resident is enterprise or permanent establishment. For most of the form of income, income from business activity and income from investment activity, the problem of double taxation relief is soluted through Model convention OECD for the avoidance of double taxation with respect to taxes on income and capital (Model OECD). Solutions in this convention are based on abolish all double taxation in those countries in which we have collision between legal norms at the same level. Tax must be distributed between the resident country and country of tax source, all with respect on Model OECD. Most valuable principle of taxation of business and capital incomes of enterprises is that it is not allowed to tax the income from resident enterprise in non resident country. This principle is not in force only when the resident enterprises is working in non resident country through permanent establishment in non resident country

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