

Islamabad, the February 08, 2021

NOTIFICATION
(Income Tax)

S.R.O. 202(I)/2021 WHEREAS the Islamic Republic of Pakistan and the Hungary signed the Protocol on the 14th day of July 2020, as set out in the Annexure to this Notification, hereinafter referred to as the Protocol, to amend the existing Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income between Pakistan and Hungary signed on the 24th day of February, 1992, hereinafter referred to as "The Convention";

AND WHEREAS, in terms of Article 2 of the Protocol, the Contracting States shall notify each other through diplomatic channels that all the legal procedures for the entry into force of this Protocol have been completed and Protocol shall enter into force on the thirtieth day upon the receipt of the later notification;

AND WHEREAS, both the Contracting States, namely, the Islamic Republic of Pakistan and the Hungary have completed all the legal procedures required for the entry into force of the Protocol;

NOW, THEREFORE, in exercise of the powers conferred by sub-section (1) of section 107 of the Income Tax Ordinance, 2001 (XLIX of 2001), the Federal Government is pleased to direct that the Protocol shall come into force on and from the 19th November, 2020.

PROTOCOL
BETWEEN
THE ISLAMIC REPUBLIC OF PAKISTAN
AND
HUNGARY

**AMENDING THE CONVENTION BETWEEN THE ISLAMIC REPUBLIC OF
PAKISTAN AND THE HUNGARY FOR THE AVOIDANCE OF DOUBLE
TAXATION WITH RESPECT TO TAXES ON INCOME SIGNED IN
ISLAMABAD ON FEBRUARY 24, 1992**

The Government of the Islamic Republic of Pakistan and the Government of Hungary,

Desiring to conclude a Protocol amending the Convention for the Avoidance of Double Taxation with respect to taxes on income, signed in Islamabad on February 24, 1992 (hereinafter referred to as the "Convention"),

Have agreed as follows:

Article 1

Article 27 of the Convention shall be replaced by the following:

"Article 27
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 Convention 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 Convention. 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 authorizes 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 (order 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 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 2

1. The Contracting States shall notify each other through diplomatic channels that all legal procedures necessary for the entry into force of this Protocol have been completed.

2. This Protocol shall enter into force on the thirtieth day upon the receipt of the later notification and shall have effect to information that relates to taxation years or business

years beginning on or after first day of January of the calendar year next following the entry into force of this Protocol.

3. The provisions of this Protocol shall form an integral part of the Convention and shall terminate at the time of termination of the Convention.

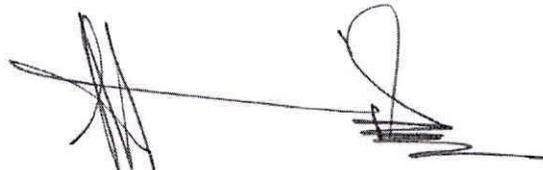
IN WITNESS WHEREOF the duly authorized representatives of the Contracting States, have signed this Protocol.

DONE in duplicate at Islamabad on 14th day of July, 2020 in Hungarian and English languages, each text being equally authentic.

s/d
**For the Government of the
Islamic Republic of Pakistan**

s/d
**For the Government of the
Hungary**

[C.No.2(25)Int.Taxes/08]



(Dr. Muhammad Ashfaq Ahmed)
Additional Secretary/D.G. (Int. Taxes)