

AGREEMENT

Between the State Revenue Service of the Republic of Latvia and the State Tax Committee of the Republic of Uzbekistan on Mutual Administrative Assistance and Exchange of Information on Matters of Tax Legislation Compliance

The State Revenue Service of the Republic of Latvia and the State Tax Committee of the Republic of Uzbekistan, hereinafter in the text referred to as the Parties,

being governed by the provisions of the Convention between the Republic of Latvia and the Republic of Uzbekistan for the avoidance of double taxation and prevention of tax evasion with respect to taxes on income and capital of 03 July 1998 (hereinafter referred to as the Convention), as well as the national legislation of the Parties,

having regard to the mutual interest in effective solution of the tasks related to prevention, exposure and suppression of the tax legislation violations,

emphasizing usage of all legal and other possibilities in pursuing these aims,

have hereby agreed as follows:

Article 1

General Definitions

For the purposes of this Agreement, the applied terms are defined as follows:

Tax Legislation means the totality of juridical regulations, determining types of taxes and dues and the order of their collection in the territory of the states of the Parties and regulating the relationships, concerning the occurrence, change and termination of the tax laws and obligations;

Violation of Tax Legislation means an unlawful act expressed in non-execution or improper execution of the tax obligations by the taxpayers, for which criminal liability has been determined by the national legislation of the states of the Parties;

Request for Assistance means a request of a competent authority for rendering of assistance in issues of tax compliance and violations of tax legislation.

Article 2

Subject of Agreement

Subject of this Agreement is cooperation and exchange of information between the Parties on the matters of the tax legislation compliance.

The Parties effect cooperation within the framework of this Agreement and pursuant to the national legislation and international liabilities of the states of the Parties.

Article 3

Forms of Cooperation

The Parties shall use the following forms of cooperation within the framework of this Agreement:

a) Cooperation on exchange of information on matters of tax legislation compliance;

b) Exchange of information on national tax systems, on amendments and supplements to the tax legislation, as well as on methodical recommendations with respect to suppression of the tax legislation violations;

c) Interaction in the issues of carrying out measures, aimed at prevention, exposure and suppression of the tax legislation violations;

d) Coordination of activities and rendering the required assistance on matters arising in the course of the cooperation, including exchange of experience on creation and functioning of information systems, holding conferences and seminars on the issues of suppression of the tax legislation violations.

The Parties shall directly deal with each other on the matters concerning the implementation of this Agreement.

Article 4

Exchange of Information on the Tax Legislation Compliance

1. Exchange of information is provided in the following directions:

a) Exchange of information upon request;

b) Spontaneous exchange of information;

c) Automatic exchange of information.

2. The Parties shall use their best endeavours to provide information upon request as soon as possible.

a) Exchange of information upon request stipulates provision of the duly attested copies of the documents related to taxation of individuals and legal entities in the territories of the states of the Parties;

b) Exchange of information upon request stipulates provision of data in respect of:

- Opening and closing of accounts in state and commercial banks by legal entities and individuals of the states of the Parties, as well as the accounts activity and other required information;

- Incomes and taxable amounts and amounts of taxes collected from legal entities and individuals that have violated the tax legislation of the states of the Parties, as well as measures with regards to prevention, exposure and suppression of the tax legislation violations;

- Import and export operations of legal entities and nationals of the countries of the Parties;

- Any other data required for implementation of the Convention and prevention of the tax legislation violations.

3. Spontaneous exchange of the information received in the ordinary course of administration concerning individuals, legal entities and any other body of persons of the states of the Parties shall be performed between the Parties on a reciprocal basis, without any request being necessary, in conformity with Article 27 of the Convention.

If the submitted information may cause any changes in taxation of either Party, the other Party shall be informed accordingly.

4. In conformity with Article 27 of the Convention, automatic exchange of information shall be performed between the Parties to the extent possible, on the basis of the information available in conformity with their national legislation. The information concerning individuals, legal entities and any other body of nationals of the countries of the Parties shall be supplied to the other Party, without any request being necessary.

The information shall be forwarded as soon as possible by the end of each calendar year.

If information cannot be supplied automatically, it may be communicated on a spontaneous basis under section 3 of this Article.

Article 5
Presence of Representatives of the Parties in the Territory of the Other Party

At the request of either Party, the other Party may allow its representatives to be present in the territory of that other State.

A request for the presence of the representatives of the Party shall be submitted in writing to the other Party and shall form part of a request for information.

The request shall explain why the presence of the representatives of the Parties is necessary and shall give a short description of the case. Any decision regarding such a suggestion shall be made by the Parties or the officials concerned. All decisions with respect to the conduct of enquiries shall be made by the Parties on the assumption of the national legislation of the states of the Parties. The Parties shall make a decision with respect to the request as soon as possible and in any event within three months after receiving the request. The Parties may reject the request, having indicated the reasons for such a decision.

The Party shall supply the relevant information obtained from the conduct of the enquiries to the other Party.

The Parties may by mutual agreement lay down the procedures governing the presence of the representatives of the Parties.

Article 6
Simultaneous Tax Examinations

Subject to the provisions of Article 27 of the Convention, the Parties may agree to undertake simultaneous tax examinations in order to examine cross-border transactions, including profit relocation and other schemes for avoidance or evasion of taxes, and for the purpose of avoiding double taxation, in particular through proper allocation of profits between related companies.

Simultaneous tax examination means an arrangement between the Parties to examine simultaneously and independently, each on its own territory, the tax affairs of (a) taxpayer(s) in which they have a mutual interest, with a view to exchanging any relevant information which they so obtain.

The case selection and examination procedures on which the Parties have agreed are set out in detail in the Appendix, which forms the indivisible constituent part of this Agreement.

Article 7

Exchange of Materials of the Informative and Legal Nature

The Parties shall exchange information on the national tax systems, the legal bases of proceedings on the tax legislation violations, as well as amendments and supplements introduced to the national legislation in effect in the countries of the Parties.

Article 8

Form and Content of the Request for Information

1. A request for information shall be transmitted in writing. In some cases, for the purpose of the efficient exchange of information, the data may be received by the facsimile communication or by electronic mail, with provision of the scanned signature.

In emergency cases, a request for information may be made verbally, by means of the telephone communication; however, the request shall be subsequently confirmed in writing.

When using the facsimile or electronic communication, or in case of doubt in authenticity or substance of the verbal request, the Party may require written confirmation.

2. A request for information shall contain:

- a) The complete identity of the taxpayer concerned in the Republic of Latvia;
- b) The complete identity of the taxpayer concerned in the Republic of Uzbekistan;
- c) Data on the taxes and the examination period;
- d) A statement of the content and substantiation of the request;
- e) Description of the factual circumstances;
- f) Other data required for its execution.

The Party is authorized to request additional information necessary for execution of the request for information.

A request for information and the reply to it are executed in Russian or English.

Article 9

Circumstances Hampering Execution of the Request for Information

1. The inquiry shall not be executed, if it can harm the sovereignty or safety of the countries of the Parties or is in contradiction with their national legislation.

2. In case the request cannot be executed, the receiving Party shall inform the requesting Party about it in writing.

Article 10

Interaction at Execution of the Request for Information

The Parties shall render each other assistance at execution of the request for information within their competence, in accordance with the national legislation of the countries of the Parties and this Agreement.

When required, representatives of the Parties shall arrange meetings for consideration of the issues related to execution of the request for information.

Article 11

Confidentiality and Limits to the Exchange of Information

The provisions of the Convention shall apply with respect to secrecy and the limits to the exchange of information.

The Parties guarantee confidentiality of the information related to prevention, exposure and suppression of the tax legislation violations.

The information received by the Parties within the framework of this Agreement shall be treated as confidential and shall not be disclosed to a third party without the written approval of the Party providing this information.

Article 12

Costs

Unless otherwise agreed by the Parties, ordinary costs incurred in providing assistance shall be borne by the requested Party. Extraordinary costs shall be borne by the Parties, according to prior agreement.

Article 13 Amendments and Supplements

Amendments and supplements can be introduced to this Agreement on mutual consent of the Parties. These shall be executed by separate protocols, which shall form the integral part of this Agreement and shall become effective according to provisions of Article 15.

Article 14 Settling Disputes

The discrepancies, which might arise from application and interpretation of provisions of this Agreement, shall be settled by mutual consent of the Parties by consultations and negotiations.

Article 15 Validation and Termination of the Agreement

This Agreement enters into force from the date of its signing by the Parties and is concluded for an indefinite period of time.

This Agreement may be terminated upon expiry of six (6) months since the date either Party receives a written notification from the other Party on its intention to terminate the Agreement.

This Agreement is made in the city of Tashkent on 6 October 2008 in two copies in Russian.

**On Behalf of the State Revenue
Service of the Republic of Latvia**

**First Deputy General Director,
Director of National Tax Board**

Neliya Jezdakova

**On Behalf of the State Tax
Committee of the Republic of
Uzbekistan**

**Chairman of the State Tax
Committee**

Batyr Rakhmatovich Parpiyev

SIMULTANEOUS TAX EXAMINATIONS

I. Selection Procedure

1. The Parties will independently identify taxpayers for simultaneous examinations.

2. Each Party will inform the other Party of its choice of potential cases, using the selection criteria described below in Article II. It will explain, as far as possible, why it has chosen these cases and provide the information leading to its proposals, together with any other relevant information, as well as its statute of limitation applicable to the cases proposed for simultaneous examinations in accordance with their national legislation.

3. Each Party determines independently whether it wishes to participate in a particular simultaneous examination. Neither of the Parties, however, is obliged to cooperate in an examination proposed by the other Party.

4. If a Party accepts a proposal of the other Party to conduct a simultaneous examination, that Party will confirm, in writing, the selection of the case, mentioning the taxpayer(s), taxes and tax years involved. It will indicate a designated representative who will have functional responsibility for directing the examination.

After receiving the confirmation, the proposing Party also will indicate, in writing, a designated representative. In those cases where there is an agreement to conduct a simultaneous examination, the Party of each country will formally request the other Party to exchange specific information pursuant to the Convention.

5. The designated representatives of the Parties will decide areas and periods to be examined in the particular case selected, the timetable for the examination, and approaches to be taken. They will initiate exchange of specific information in accordance with formal written requests.

6. The information, which may be requested under this Agreement, must be obtainable under the Convention and the respective tax laws of the countries of the Parties.

7. The Party of each country may, by a declaration addressed to the other Party, indicate that, according to their national legislation, it will inform the taxpayer concerned of the intended transmittal of information, in conformity with Article 27 of the Convention.

II. Criteria for Case Selection

Any case selected for simultaneous examination will involve a taxpayer or taxpayers with activities in both countries. The factors considered in determining whether a case is selected will primarily include but will not be limited to:

Indication of tax avoidance and/or evasion;

Indication of substantial noncompliance with the tax laws in the states of the Parties;

Indication of a manipulation of transfer prices to the potential detriment in the states of the Parties;

Indication of other forms of international tax planning which, if countered successfully, may generate additional tax revenue in either country of the Parties;

Indication that the economic performance of a taxpayer or related taxpayers, over a period of time, is significantly worse than might be expected, for instance:

Economic performance does not reflect appropriate profits when measured against sales, total assets, etc.;

Cases where the taxpayer consistently shows losses, especially long-term losses;

Cases where the taxpayer, regardless of profitability, has paid little or no tax over the relevant period;

Existence of transactions involving a Tax Haven.

III. Planning the Examination

Before the start of the examination, the responsible personnel of the Party will coordinate with the other Party the examination plans in each country of the Parties, possible issues to be developed, and target dates.

IV. Conducting an Examination

Examinations will be conducted separately within the framework of the national legislation by the tax administration officials of the Parties using the available exchange of information provisions.

Simultaneous tax examination requires cooperation of personnel located in each state of the Parties, who will simultaneously but independently examine the taxpayer or taxpayers within its jurisdiction. The primary responsibility for coordinating the examination and exchanges of information on a selected taxpayer will rest with the Party agreed upon by the Parties. All exchanges of information must be made within the terms of the Convention and this Agreement.

V. Discontinuing a Simultaneous Examination

If either Party concludes that a simultaneous examination is no longer beneficial, it informs the other Party of its withdrawal in written form.

VI. Concluding an Examination

An examination will be concluded after coordination and consultations between the Parties, in accordance with the existing procedures of the Parties. Remaining issues of double taxation are reserved to Article 26 of the Convention.