

## EXCHANGE OF NOTES

The Honourable Dato' Seri Rafidah Aziz  
Minister of International Trade and Industry  
The Hague,

4 December, 1996

Excellency,

With reference to the Protocol, signed today, amending the Agreement between the Government of the Kingdom of the Netherlands and the Government of Malaysia for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, with protocol, signed at The Hague on 7 March 1988, I have the honour to propose on behalf of the Government of the

Kingdom of the Netherlands that: With reference to paragraph (2) of Article 6, the provisions of Chapter III of this Agreement shall not apply to persons carrying on offshore business activity under the Labuan offshore Business Activity Tax Act 1990 (as amended).

The term "offshore business activity" means offshore business activity as defined under section 2(1) of the Labuan offshore Business Activity Tax Act 1990 (as amended).

I have further the honour to propose that the present Note and your Excellency's reply confirming the acceptance by the Government of Malaysia of the above mentioned proposal shall be regarded as constituting an Agreement which will enter into force on the date of entry into force of the Protocol signed today and that shall form an integral part of the Agreement for the avoidance of double taxation.

I would be grateful if you would confirm that you are in agreement with the above.

I avail myself of this opportunity to extend to Your Excellency the assurance of my highest consideration.

Mrs A. van Dok-Van Weele

Minister for Foreign Trade of the Netherlands

Mrs A. van Dok-Van Weele  
Minister for Foreign Trade of the Netherlands  
The Hague,

4 December, 1996

Excellency,

I have the honour to acknowledge the receipt of your letter of today's date which reads as follows:

"With reference to the Protocol, signed today, amending the Agreement between the Government of the Kingdom of the Netherlands and the Government of Malaysia for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, with protocol, signed at The Hague on 7 March 1988, I have the honour to propose on behalf of the Government of the Kingdom of the Netherlands that:

"With reference to paragraph (2) of Article 6, the provisions of Chapter III of this Agreement shall not apply to persons carrying on offshore business activity under the Labuan offshore Business Activity Tax Act 1990 (as amended).

"The term "offshore business activity" means offshore business activity as defined under section 2(1) of the Labuan offshore Business Activity Tax Act 1990 (as amended).

"I have further the honour to propose that the present Note and your Excellency's reply confirming the acceptance by the Government of Malaysia of the above mentioned proposal shall be regarded as constituting an Agreement which will enter into force on the date of entry into force of the Protocol signed today and that shall form an integral part of the Agreement for the avoidance of double taxation.

"I would be grateful if you would confirm that you are in agreement with the above.

"I avail myself of this opportunity to extend to Your Excellency the assurance of my highest consideration."

I have further the honour to confirm that the Government of Malaysia accepts the proposal contained in your Excellency's Note and agrees that the same and the present reply shall be regarded as constituting an Agreement between the two Governments which will enter into force on the date of entry into force of the Protocol signed today and that shall form an integral part of the Agreement for the avoidance of double taxation.

I avail myself of this opportunity to extend to Your Excellency the assurance of my highest consideration.

Dato' Seri Rafidah Aziz  
Minister of International Trade and Industry