

Ambassador
Dan ASHBEL
Embassy of the State of Israel
Anton-Frank-Gasse 20
A – 1180 Vienna

26 July 2007

BMeiA-IL.3.19.09/0005-III.3b/2007

Excellency,

I have the pleasure to confirm the receipt of your letter dated 20 March 2007, which had the following content:

"Excellency,

I have the honor to refer to the Convention between the Republic of Austria and the State of Israel for the Avoidance of Double Taxation with respect to Taxes on Income and Capital signed on 29 January, 1970 and to forward to you the proposal of the Government of the State of Israel to regarding the amendment of Article 17 of the above-mentioned Convention.

The Government of the State of Israel proposes that Article 17 is amended so as to include an additional paragraph, so that the existing paragraph will be numbered as paragraph 1 and the newly added paragraph will be numbered as paragraph 2. Article 17(2) shall read as follows:

"The provisions of paragraph 1 shall not apply to income derived from activities performed in a Contracting State by artistes or sportsmen if the visit to that State is wholly or mainly supported by public funds of the other Contracting State or political subdivisions or local authorities thereof or by an institution which is recognized by that other State as a non-profit institution. In such a case, the income will be taxable only in the Contracting State in which the person is a resident."

If this proposal is acceptable to the Government of the Republic of Austria, I have the honor to propose that this Note and your Excellency's Note of reply constitute an Amendment to the Convention between the Republic of Austria and the State of Israel for the Avoidance of Double Taxation with respect to Taxes on Income and Capital signed on 29 January, 1970, that will take effect on 1 January, 2007.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration."

I have the honor to confirm that the proposal made by the Government of the State of Israel in your Note to amend Article 17 of the Convention between the Republic of Austria and the State of Israel for the Avoidance of Double Taxation with respect to Taxes on Income and Capital signed on 29 January, 1970 and the proposal that Your Excellency's Note and this Note of reply constitute an Amendment to the above-mentioned Convention that will come into effect on 1 January, 2007, are acceptable to the Government of the Republic of Austria.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

Melitta Schubert m.p.

Minister Plenipotentiary
(Head of Department III.3)