

2. There shall be regarded as taxes on income all taxes imposed on total income or on elements of income, including taxes on gains from the alienation of movable or immovable property.

3. The taxes which are the subject of this Agreement are:

- (a) In the German Democratic Republic:
- (i) Revenue transfer by public enterprises,
 - (ii) Income tax,
 - (iii) Corporate income tax,
 - (iv) Taxes on handicraft, agricultural or commercial activities,
 - (v) Trade tax,
 - (vi) Tax on wages,
 - (vii) Tax on income from a free-lance activity,
 - (viii) Tax on Royalties,
 - (ix) Capital-gains tax,
- (hereinafter referred to as "German Democratic Republic tax").

- (b) In the Republic of Indonesia: the income tax (pajak penghasilan), and to the extent provided in such income tax, the company tax (pajak perseoran), and the tax on interest, dividends, and royalties (pajak atas bunga, dividen dan royalti), (hereinafter referred to as "Indonesian tax").

4. This Agreement shall also apply to any identical or substantially similar taxes on income which are imposed after the date of signature of this Agreement in addition to, or in place of, those referred to in paragraph 3. The competent authorities of the Contracting States shall notify each other of any substantial changes which have been made in their respective taxation laws.

Article 3

GENERAL DEFINITIONS

1. In this Agreement, unless the context otherwise requires:

- (a) (i) the term "German Democratic Republic" means the territory of the German Democratic Republic including the territorial waters and, for the purpose of this Agreement, all other maritime zones which—in accordance with international law and the legal provisions of the German Democratic Republic being in conformity therewith—are designated as areas in which sovereign rights of the German Democratic Republic related to the exploration and exploitation of natural resources whether living or non-living of the seabed, the subsoil and the superjacent waters may be exercised.
- (ii) the term "Indonesia" comprises the territory of the Republic of Indonesia as defined in its laws and the adjacent areas over which the Republic of Indonesia has sovereign rights or jurisdiction in accordance with the provisions of the United Nations Convention on the Law of the Sea, 1982;
- (b) the terms "a Contracting State" and "the other Contracting State" mean the German Democratic Republic or the Republic of Indonesia as the context requires;
- (c) the term "person" includes an individual, a company and any other body of persons which is treated as an entity for tax purposes;
- (d) the term "national" means:
- (i) any individual who, under the laws of the respective Contracting State is a national thereof;
 - (ii) any legal person, partnership and association deriving its status as such from the laws in force in the respective Contracting State;

(e) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;

(f) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean, respectively, an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;

(g) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise which has its place of effective management in a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;

(h) the term "competent authority" means:

- (i) in regard of the German Democratic Republic the Ministry of Finance;
- (ii) in regard of the Republic of Indonesia the Minister of Finance or his authorized representative.

2. As regards the application of this Agreement by a Contracting State, any term not defined in this Agreement shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State concerning the taxes to which this Agreement applies.

Article 4

RESIDENT

1. For the purposes of this Agreement, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then his status shall be determined as follows:

- (a) he shall be deemed to be a resident of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident of the State with which his personal and economic relations are closer (centre of vital interests);
- (b) if the State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident of the State in which he has an habitual abode;
- (c) if he has no habitual abode in both States, he shall be deemed to be a resident of the State of which he is a national;
- (d) if he has an habitual abode in both States, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1, a person other than an individual is a resident of both Contracting States, the competent authorities of the Contracting States shall settle the question by mutual agreement.

Article 5

PERMANENT ESTABLISHMENT

1. For the purposes of this Agreement, the term "permanent establishment" means a fixed place of, business through which the business of an enterprise is wholly or partly carried out.