

COMPETENT AUTHORITY AGREEMENT

The Competent Authorities of Austria and the United States enter into the following agreement ("Agreement") concerning the interpretation of Articles 20, 21 and 23 of the Convention Between the Republic of Austria and the United States of America for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Income Taxes, signed May 31, 1996. The Agreement is entered into under Article 24 (Mutual Agreement Procedure). For the purposes of this Agreement, "Article" refers to an Article of the Treaty.

It is agreed that the exemption described in Article 20 (Students and Trainees) does not apply to payments for maintenance, education or training received by a student who is, or was immediately before visiting the United States, a resident of Austria, and who is present in the United States for the purpose of full-time education at a recognized education institution, if such scholarship is paid out of U.S. sources, e.g. in the case where the payer of income is a U.S. foundation. Accordingly, such a scholarship payment is taxable according to the domestic tax laws of the United States and Austria.

In any case, pursuant to Article 23 (Non-Discrimination), Austrian students shall not be subjected in the United States to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which U.S. nationals in the same circumstances are or may be subjected. This principle would *mutatis mutandis* apply in the reciprocal situation of a U.S. student subject to tax in Austria according to the general rules of Articles 20 and 23.

Furthermore it is understood that a scholarship granted for the purposes of postgraduate research derived by a student, who is present in the other Contracting State only for research purposes, and not for the purposes of full-time education at a recognized educational institution nor for full-time training, is not covered by Article 20 (Students and Trainees). The taxable treatment of such payments would be governed by the rules of Article 21 (Other Income) and thus taxable solely by the State of residence.

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Date

Date