



AGREEMENT OF 12TH APRIL, 1994

Egypt

CONVENTION BETWEEN THE ARAB REPUBLIC OF EGYPT AND THE UNITED ARAB EMIRATES FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The Governments of the Arab Republic of Egypt and the United Arab Emirates, desiring to strengthen the ties between them and to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, have agreed as follows:

Article 1

Personal Scope

This Convention shall apply to persons who are resident in one or both of the Contracting States.

Article 2

Taxes Covered

1. This Convention shall apply to taxes on income imposed on behalf of a Contracting State or any of its political subdivisions or local authorities, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income and on capital all taxes imposed on total income, on total capital, or on elements of income or of capital, including taxes on gains from the alienation of movable or immovable property, taxes on the total amounts of wages and salaries paid by enterprises, as well as taxes on capital appreciation.

3. The existing taxes to which the Convention shall apply are in particular:

(a) In the United Arab Emirates:

- Income tax.
- Corporate taxes.
- Investment taxes.

(which shall be referred to hereinafter as “United Arab Emirates Tax”).

(b) In the Arab Republic of Egypt:

- Property Tax (Including surfacing tax and building tax).
- Income taxes as stated in law number 157 for the year 1981 and all its provisions, (Also includes taxes on normal personal income, as well as taxes on money market corporate profits).



- Additional taxes set as percentages of the above stated taxes and are set by various means.

(which shall be referred to hereinafter as “Egyptian Tax”).

4. The Convention shall apply also to any identical or substantially similar taxes that are imposed at the signing of the Convention in addition to, or in place of, the existing taxes. At the end of each year, the competent authorities of the Contracting State shall notify each other of changes which have been made in their respective taxation laws.

Article 3

General Definitions

1. For the purposes of this Convention, and unless otherwise mentioned here:

- (a) “United Arab Emirates” refers to the geographical region known as “United Arab Emirates”. This includes all regions of the emirates covering the national water and islands where the United Arab Emirates enjoys sovereignty. It also includes any area outside the national waters where it has the rights to explore, invest, and use natural and water resources nearby according to international laws. “Egypt” means the Arab Republic of Egypt. When used in geographical term, it includes:

National land.

National sea.

The area beyond the national sea where Egypt has authorities over according to international laws to explore, invest, maintain and manage natural resources whether it is live resources or otherwise existing in the national waters above, at the bottom of water levels, or inside the soil. It also includes other activities concerning commercial investment of the area, as well as other rights.

The continental drift.

- (b) The term “Contracting State” or “the other Contracting State” refers to Egypt or the United Arab Emirates according to the context herewith.
- (c) The term “Person” refers to an individual, a company and any other body of persons.
- (d) The term “Company” means any body corporate or any entity that is treated as body corporate for tax purposes.
- (e) 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.



- (f) The term “Tax” refers to the Egyptian tax or the United Arab Emirates tax.
- (g) The term “international traffic” means any transport by ship or aircraft operated by an enterprise that 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) “Competent Authority” refers to:
 - Minister of finance and industry or his legally appointed representative according to the laws of the United Arab Emirates.
 - Minister of finance or his legally appointed representative according to the laws in Egypt.
- (i) The term “Resident” refers to:
 - Any person who is a national of a Contracting State.
 - Any legal entity or joint venture company or corporation that qualifies for the status according to current regulations in the Contracting State.

2. When enforcing the rules of this Convention in a Contracting State, the meaning of any term not defined within this Convention shall be interpreted according to the legal definition as set by the laws and regulations of that Contracting State with regards to the taxes within the scope of the Convention, unless otherwise noted.

Article 4 The Resident

1. For the purposes of this Convention, 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, and 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 in both Contracting States, then his status shall be determined as follows:
 - (a) He shall be deemed to be a resident only 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 only in the State which his personal and economic relations are closer (center of vital interests).
 - (b) If the State in which he has his center 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 only of the State in which he has an habitual abode;
 - (c) If he has a habitual abode in both States or in neither of them, he shall be deemed to be a resident only of the State which he is a national;



- (d) If he is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3. In the case where a company is considered according to paragraph 1 to be resident of both Contracting States, their case will be handled as follows:

- (a) The company will be considered resident of the State where it holds citizenship.
- (b) If it does not hold the citizenship of either Contracting State, then it is considered resident of the State where the headquarters exists.

4. If, according to Article 1, there are persons other than the person or company residing in both Contracting States, then the competent authorities in both Contracting States shall find a solution to this matter which sets the rules for applying this Convention on such person.

Article 5

Permanent Establishments

1. For the purposes of this Convention, the term “permanent establishment” means a fixed place of business through which the business of an enterprise is wholly or partly carried on.

2. The term “permanent establishment” includes especially:

- (a) a place of management;
- (b) a branch;
- (c) a place used to sell goods;
- (d) an office;
- (e) a factory;
- (f) a workshop, and
- (g) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.
- (h) a farmland or orchards or storage houses.
- (i) a place of building or construction site or assembly plant, which existed for more than six months.

3. Notwithstanding the preceding provisions of this Article, the term “permanent establishment” shall be deemed not to include:

- (a) The use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise.



- (b) The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
- (c) The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise.
- (d) The maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or collecting information for the enterprise.
- (e) The maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character.
- (f) The maintenance of a fixed place of business solely for any combination of activities mentioned in sub paragraphs (a) to (e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

4. Notwithstanding the provisions of paragraphs 1 and 2, where a person - other than an agent of an independent status to whom paragraph 6 applies - is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State in respect on any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 3 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

5. Notwithstanding the provisions of the previous Article, the insurance project belonging to a Contracting State – except for the insurance repayment – is considered of having a permanent establishment in the other Contracting State if this project collected insurance payments within this other State or purchased insurance in it through a person who is not an agent with independent status according to the previous Article.

6. An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that state through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business. Even if such person was performing his duties in whole or in part in the name of this project, he is still not considered independent agent according to this paragraph.

7. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

Article 6 **Income From Immovable Property**

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State is subject to income tax in that State.
2. The term “immovable property” shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships, boats and aircraft shall not be regarded as immovable property.
3. The provisions of paragraph 1 shall also apply to income derived from the direct use, letting or use in any other form of immovable property.

The provisions of paragraphs 1 and 3 also apply to the income immovable property of an enterprise and to income from immovable property used for the performance of personal services.

Article 7

Business Profits

1. The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.
2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.
3. In determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.
4. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.
5. Insofar as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this Article.



6. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

7. Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

Article 8

Waterways Transport and Air Transport

1. Profits from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

2. If the place of effective management of a shipping enterprise or of an inland waterways transport enterprise is aboard a ship or boat, then it shall be deemed to be situated in the Contracting State in which the home harbour of the ship or boat is situated, or, if there is no such home harbour, in the Contracting State of which the operator of the ship or boat is a resident.

3. The provisions of paragraph 1 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

4. For the purposes of paragraph 1, profits resulting from operating ships and airplanes for international travel shall include the profits gained by an enterprise as listed in paragraph 1 in respect of the activities of transporting, by ships or airplanes, passengers, mail, merchandise, as well as:

- (a) Leasing or renting ships for such transportation
- (b) Renting containers and related equipment used to operate ships and airplanes in the international transportation arena.

5. Profits derived by Gulf Air in respect of activities in the Arab Republic of Egypt, including profits related to such activities, shall be tax exempt with regards to the taxes due on capital revenues as well as commercial and industrial profits or taxes on the dividends in returns for exempting Egypt Air from taxes for the same activities in the Sultanate of Oman, Bahrain, Qatar, and the United Arab Emirates as the owner of Gulf Air.

Article 9

Associated Enterprises

1. Where

- A. An enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State
– or



B. The same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State, and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

2. Where a Contracting State includes in the profits of an enterprise of that State - and taxes accordingly - profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Convention.

3. It is not legal for either Contracting State to change the taxable profits of an enterprise in the cases listed in paragraph 1 after the expiration of the time period set in its laws or in any other case after five years following the year the project gained such profits in that State.

4. The provisions of paragraphs 2 and 3 do not apply in case of evasion or intentional neglect.

Article 10 Dividends

1. Dividends paid by a company that is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other Contracting State.

2. The term “dividends” as used in this Article means income from shares, “jouissance” shares or “jouissance” rights, mining shares, founders' shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.

3. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

Article 11 Interest



1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other Contracting State.
2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the interest.
3. Notwithstanding the provisions of paragraph 2, interests originating in a Contracting State will be tax exempt in that State if such interest was:
 - (a) Belonging to the government or any of its parts or local agencies, or
 - (b) Central bank belonging to the other Contracting State.
4. The term “interest” as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures.
5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.
6. Interest shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.
7. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

Article 12 **Royalties**

1. Royalties originating in one Contracting State and is paid to persons residing in the other Contracting State may be subject to taxes in that other State.



2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the recipient is the beneficial owner of the royalties, the tax so charged shall not exceed 10 per cent of the gross amount of royalties.
3. The term “Royalties” as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including patent rights or trademarks, illustration, sample, plans, secret formulas or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.
4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7, as the case may be, shall apply.
5. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.
6. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

Article 13 Capital Gains

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in that other State.
2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State.
3. Gains from the alienation of ships or aircraft operated in international traffic, boats engaged in inland waterways transport or movable property pertaining to the operation of such ships, aircraft

or boats, shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

4. Gains from the alienation of shares of the capital stock of a company the property of which consists directly or indirectly principally of immovable property situated in a Contracting State may be taxed in that State.

5. Gains from the alienation of shares other than those mentioned in the previous paragraph may be subject to taxes in the Contracting State where the gain originated.

Article 14 Independent Personal Services

1. Income derived by a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that State. Such income may be subject to taxes in the other Contracting State if:

- (a) The person has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities. If he has such a fixed base, the income may be taxed in the other State but only so much of it as is attributable to that fixed base.
- (b) The person existed in the other Contracting State for single or multiple periods totaling one hundred eighty three (183) days in a financial year of that State and within the limits of activities carried in that State only.

2. The term “professional services” includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants as defined in the local laws of each State.

Article 15 Dependent Personal Services

1. Subject to the provisions of Articles 16, 18 and 19, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:

- (a) The recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in any twelve month period commencing or ending in the fiscal year concerned, and



- (b) The remuneration is paid by, or on behalf of, an employer who is not a resident of the other Contracting State, and
- (c) The remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic, or aboard a boat engaged in inland waterways transport, may be taxed.

Article 16

Directors' Fees and Remuneration of Top-Level Managerial Officials

1. Directors' fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other State.
2. Bonuses, salaries and wages derived by a person who is a resident of a Contracting State acting as a member of the upper management in a company located in the other Contracting State are subject to taxes in that other Contracting State.

Article 17

Artistes and Sportsmen

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsman, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State.
2. However, notwithstanding the provisions of Articles 7, 14, and 15, such income may be subject to taxes in the Contracting State where the entertainer or sportsman performs.
3. Income derived by a person resident of one Contracting State from his personal activities on a temporary basis in the other Contracting State shall be tax exempt if such work was done by request of the two Contracting States, or if the majority of such work was financed by the other Contracting State or of its political subdivision or local authority.

Article 18

Pensions and Life-Term Income

1. Pensions arising in one Contracting State and paid to persons residing in the Contracting State are subject to taxes in the paying State regardless of the place of residence.



2. “Life-Term” income means any income paid regularly on schedules or during a specified period or periods according to agreement in installments or single payment in the form of money or monetary forms.

Article 19 Government Service

1.
 - (a) Salaries other than a pension paid by a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.
 - (b) However, such salaries shall be taxable in the other Contracting State only if services are rendered in that State and the individual is a resident and a national of that State, or did not become a resident of that State solely for the purpose of rendering the services.
2. The provisions of Articles 15, 16, and 18 apply to wages, bonuses, and other similar remuneration in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or a local authority thereof.

Article 20 Payments Received by Students and Apprentices

1. Where, a person who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned State solely for the following reasons:
 - (a) Being student in school, college, or university in the other Contracting State;
 - (b) Being in training on commercial, industrial, or technical business; or
 - (c) Is receiving scholarship or award to study or research on behalf of educational, religious, or nonprofit organization

Then he is not subject to taxes in the other Contracting State with regards to the educational purposes.

2. The same applies to any amount which includes remuneration received by a person for services rendered in the other Contracting State so long as such services related to the field of study or is necessary to cover living expenses.
3. Any income derived by persons who are resident of one Contracting State and currently exist in the other Contracting State for the purpose of education or technical training is not subject to taxes in the other Contracting State so long as the income was from sources outside that other Contracting State.



Article 21

Teachers, Professors, and Researchers

1. Where, a person who is a resident of one Contracting State is invited by a college, university, or similar higher education establishment in the other Contracting State to visit for the purposes of education or research work in such institutions for a period not to exceed one year, then this person is not subject to taxes in the other Contracting State for such efforts.
2. The provisions of paragraph 1 do not apply to bonuses derived by a person for research work not done for public interest.

Article 22

Other Income

1. Notwithstanding the rules in paragraph 2, items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Convention shall be taxable only in that State, regardless of the place of origination.
2. With this regards, if the income was gained by a person residing in a Contracting State from sources located in the other Contracting State, then such income may be taxable in the State where it originated according to the laws of that State.

Article 23

Income Belonging to the Government and its Localities

1. Income derived by the government of a Contracting State from projects situated in the other Contracting State shall be tax exempt in the other Contracting State as long as the first-mentioned State does not impose taxes on similar projects situated in the first-mentioned State for the government of the other Contracting State.
2. For the purposes of paragraph 1 of this Article, the term “government” means the local government and all political subdivisions, ministries, financial institutions, the central bank as well as any establishment or agency to be agreed on between the two Contracting States from time to time.

Article 24

Methods of Avoiding Double Taxation

1. When
 - (a) a resident of a Contracting State derives, from the other State, income which in accordance with the provisions of this Convention may be taxed in the other Contracting State, the first-mentioned State shall allow as a deduction from the



tax on the income of that resident an amount equal to the tax paid in that other State. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable to such items of income derived from that other State.

- (b) When the profits paid by a company of one Contracting State to another company in the other Contracting State, and the latter company controlled, directly or indirectly, no less than 10 per cent of the shares of the company paying the profits, then the deductions made by the other Contracting State from the taxes due on the company includes (in addition to what was listed in paragraph “a” above), taxes of the first Contracting State with regards to the profits paid for stocks.

2. Where in accordance with any provisions of this Convention income derived by a resident of a Contracting State is exempt from tax in that State, but was taxable in the other Contracting State, then the first Contracting State shall take in consideration the amount exempt when calculating taxes due on the remaining income.

3. Taxes that were subject to exemption or temporary reduction status according to the investment opportunities in either Contracting State should be considered as if they were paid, and therefore should be deducted in the other Contracting State from legal taxes on such income.

4. Where, in accordance with the provisions of paragraphs 1 and 2 of this Article, income derived by a resident of a Contracting State, is taxable in the other Contracting State, then it shall be considered to originate in that other Contracting State.

5. If the profits of an enterprise of a Contracting State is taxable, and is at the same time part of the profits for an enterprise of the other Contracting State; and if such profits were to be achieved by the enterprise of the other Contracting State even if the relation between the two enterprises was similar to the one between two independent enterprises, then the profits of each enterprise shall be treated as though it originated in the other Contracting State, and therefore will be given the discounts listed in paragraphs 1 and 2 of this Article.

Article 25

Non-Discrimination

1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other than or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected.

Notwithstanding the provisions of paragraph “a” of Article 5, this shall apply to persons who are residents of either Contracting State.

2. Stateless persons who are residents of a Contracting State shall not be subjected in either Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of the State concerned in the same circumstances, in particular with respect to residence, are or may be subjected.



3. The taxation on a permanent establishment that an enterprise of a Contracting State has in the other Contracting State shall not be less favorably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities.
4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.
5. This Article should not be construed as:
 - (a) Obligating a Contracting State to grant to residents of the other Contracting State any personal allowances, relief and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.
 - (b) Constituting a breach in Egypt to enforce Article 4, paragraph 9, and Article 120, paragraph 4 of law number 157 for the year 1981, along with its revisions introduced from time to time, without obstructing the general purpose; with the condition that if any of the Contracting States gave discounts to residents of a State other than the two Contracting States, then this discount will be equally given to the nationals of United Arab Emirates.

Article 26

Members of Diplomatic Missions and Consular Posts

Nothing in this Convention shall affect the fiscal privileges of members of diplomatic missions or consular posts under the general rules of international law or under the provisions of special agreements.

Article 27

Mutual Agreement Procedures

1. Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident. If his case comes under paragraph 1 of Article 25, to that of the Contracting State of which he is a national. The case must be presented within five years from the first notification of the action resulting in taxation not in accordance with the provisions of the Convention.
2. The competent authority shall endeavor, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with this Convention. They may also consult together for the elimination of double



taxation in cases not provided for in the Convention. Any agreement reached constitutes the enforcement regardless of the timetables of the local laws of the two Contracting States.

3. The competent authority shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. They may also consult together for the elimination of double taxation in cases not provided for in the Convention.

4. It is not legal for either Contracting State to increase the income tax scope on residents of either State after the expiration of the legal period set by local laws, or after five years following the end of the tax period for the competent income. This rule does not apply to the cases of intentional delay or cheating or evasion.

5. The competent authorities in both Contracting States will work together to establish the method of applying this Convention, especially the rules concerning the obligations set on residents of a Contracting State to benefit from tax exemptions in the other Contracting State as set in this Convention.

Article 28

Exchange of Information

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the Contracting States concerning taxes covered by the Convention as set in Article 2, as well as any such information deemed necessary to prevent tax evasion.

Any information obtained by the competent authority in a Contracting State with regards to this Article shall be treated as secret and shall be disclosed only to persons or authorities concerned with the assessment or collection of taxes in accordance with this Convention or to dispute any allegations thereof.

(a) Under no circumstances shall the provisions of this Article be interpreted in a manner not agreeing with the laws and regulations effective in either Contracting State, or to make public any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which could be contrary to public policy (ordre public).

Article 29

Entry Into Force

1. This Convention shall be ratified and the instruments of ratification shall be exchanged as soon as possible.

2. Each Contracting State will inform the other with the completion of taking the necessary legal procedures to make the Convention active.

3. The Convention shall enter into force upon the exchange of instruments of ratification and its provisions shall have effect:



- (a) For taxes collected at the point of origin:
 - (i) With respect to amounts paid or registered in the general ledgers records, on the first of January following the calendar year of exchanging instruments of ratification.
- (b) For other taxes:
 - (i) Becomes effective on financial years starting the first of January following the year of exchanging instruments of ratification.

Article 30 Termination

This Convention shall remain in force for a non-determined period of time. Either Contracting State may - up to the thirtieth day of June – after five years of the initial execution, inform the other Contracting State in writing via diplomatic channels to terminate this Convention, at which case, the work according to this Convention will cease as follows:

- A. For taxes collected at the point of origin:
 - (a) With respect to amounts paid or registered in the general ledger, as of the first of January following the year the petition was made.
- B. For other income taxes:
 - (a) Does not apply to financial years starting on the first of January following the year the petition was made.