



AGREEMENT OF 19TH JULY, 1989 AMENDED BY A PROTOCOL SIGNED 6TH DECEMBER, 1993.

France

CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED ARAB EMIRATES AND THE GOVERNMENT OF THE FRENCH REPUBLIC FOR THE AVOIDANCE OF DOUBLE TAXATION

The Government of the United Arab Emirates and the Government of the French Republic,

Desiring to conclude a Convention for the avoidance of double taxation,

Have agreed as follows:

Article 1

Personal Scope

This Convention shall apply to individuals and bodies corporate who are residents of one or both of the States.

Article 2

Taxes Covered

1. The taxes to which this Convention shall apply are:

a) In the case of France:

- i)* L'impôt sur le revenu; (income tax);
- ii)* L'impôt sur les sociétés; (company tax);
- iii)* L'impôt de solidarité sur la fortune, applicable aux personnes physiques; (wealth tax on individuals);
- iv)* L'impôt sur les successions; (inheritance tax);

and all withholding, prepayments and advances on said taxes;

(hereinafter referred to as "French tax");

b) In the case of the United Arab Emirates:

- i)* Any tax on the income of companies levied in the United Arab Emirates by the United Arab Emirates or by the Emirates;
- ii)* Any tax on total income or on items of income – including the gains from the alienation of movable or immovable property –, any tax on



capital and any inheritance tax established in the United Arab Emirates by the State of the United Arab Emirates or by the Emirates which are similar to the taxes to which the Convention applies in the case of France;

(hereinafter referred to as the “United Arab Emirates tax”).

2. The Convention shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes.

The competent authorities of the two States shall notify each other of any substantial changes which have been made in their respective taxation laws.

Article 3 General Definitions

1. For the purposes of this Convention, unless the context otherwise requires:

(a) The terms “one State” and “the other State” mean, as appropriate, the State of the United Arab Emirates or the French Republic;

(b) The term “person” includes an individual or a company;

(c) The term “company” means any body corporate governed by public or private law, including, in the case of the United Arab Emirates, the State of the United Arab Emirates, its political subdivisions and local authorities, or any entity regarded as a body corporate for the purposes of taxation;

(d) The terms “enterprise of one State” and “enterprise of the other State” mean respectively an enterprise carried on by a resident of one State and an enterprise carried on by a resident of the other State;

(e) The term “international traffic” means:

- any transport by a ship operated by an enterprise which has its place of effective management in one State, except when the ship is operated solely between places in the other State;

- any transport by an aircraft operated by an enterprise of one State, except when the aircraft is operated solely between places in the other State;

(f) The term “competent authority” means:

- in the case of the United Arab Emirates, the Minister of Finance or his authorized representative;



- in the case of the French Republic, the Minister in charge of the Budget or his authorized representative.

2. As regards the application of the Convention by one State, any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the law of that State concerning the taxes to which the Convention applies.

Article 4 Resident

1. For the purposes of this Convention, the term “resident of one State” means:

- (a) In the case of the United Arab Emirates, any person domiciled, established or having his place of management in the United Arab Emirates, including the State of the United Arab Emirates, its political subdivisions and local authorities;
- (b) In the case of France, any person who, under the laws of France, 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 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 an habitual abode in both States or in neither of them, he shall be deemed to be a resident of the State of which he is a national;
- (d) If he is a national of both States or of neither of them, the competent authorities of the two 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 States, then it shall be deemed to be a resident of the State in which its place of effective management is situated.

Article 4 A Permanent Establishment



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) an office;
 - d) a factory;
 - e) a workshop, and
 - f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.
3. A building or construction site constitutes a permanent establishment only if it lasts more than six months.
4. 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 of collecting information for the enterprise;
 - e) the maintenance of a fixed place of business solely for the purpose of any other activity which has a preparatory or auxiliary character for the enterprise.
 - f) the maintenance of a fixed place of business solely for the purpose of the activities cited in sub-paragraphs a) through e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.
5. 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 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 of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 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.



6. An enterprise shall not be deemed to have a permanent establishment in a State merely because it carries on business 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.
7. The fact that a company which is a resident of a State controls or is controlled by a company which is a resident of the other 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 5

Income From Immovable Property

1. Income derived by a resident of one State from immovable property (including income from agriculture or forestry) situated in the other State may be taxed in that other State.
2. The term “immovable property” shall have the meaning which it has under the law of the 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 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 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.
4. Where the ownership of shares or other rights in a company or other body corporate gives the owner the right to enjoyment of immovable property situated in one State and owned by that company or other body corporate, the income which the owner of the shares or other rights derives from the direct use, letting or use in any other form of his right to such enjoyment shall be taxable in that State.
5. The provisions of paragraphs 1, 3 and 4 shall also apply to the income from the assets of an enterprise described in this Article and to income used for the performance of independent personal services.

Article 6

Business Profits

1. The profits of an enterprise of a State shall be taxable only in that State unless the enterprise carries on business in the other 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 State carries on business in the other State through a permanent establishment situated therein, there shall in each 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. 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.
6. 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 7

Shipping and Air Transport

1. Income which an enterprise of the United Arab Emirates derives from the operation of aircraft in international traffic, including income accessory to such operation, shall be exempt in France from the taxes specified in Article 2 (paragraph 1 (b)) of the Convention and, notwithstanding the provisions of that same article, from the business tax in respect of the portion corresponding to the share of the operation carried out by individuals resident in the United Arab Emirates or corresponding to the share of the capital of the enterprise held directly or indirectly either by individuals resident in the United Arab Emirates, or by joint stock companies or partnerships whose place of effective management is situated in the United Arab Emirates, or by the State of the United Arab Emirates or by companies in which that State holds shares.
2. Income which an enterprise of France derives from the operation of aircraft in international traffic, including income accessory to such operation, shall be exempt in the United Arab Emirates from the taxes specified in Article 2 (paragraph 1 (a)) and, notwithstanding the provisions of Article 2 of the Convention, from any tax identical to the business tax.
3. Notwithstanding the provisions of Article 3, paragraph 1 (d):
 - (a) For the purposes of paragraph 1 of this Article, the term “enterprise of the United Arab Emirates” means an enterprise designated by the Government of the United Arab Emirates and the term “enterprise of France” means an enterprise designated by the French Government.
 - (b) The lists of enterprises designated by each Government shall be exchanged by letter through the diplomatic channel and shall be modified following the same procedure.



4.
 - (a) Profits from the operation of ships in international traffic shall be taxable only in the State in which the place of effective management of the enterprise is situated.
 - (b) Notwithstanding the provisions of subparagraph (a), profits from the operation of ships in international traffic by a company, including a partnership, which is a resident of the United Arab Emirates, more than 50 per cent of the capital of which is held, directly or indirectly, by persons who are not resident of the United Arab Emirates, may be taxed in France if that company has a permanent establishment in France.
5. If the place of effective management of a shipping enterprise is aboard a ship, then it shall be deemed to be situated in the State in which the home harbour of the ship is situated, or, if there is no such home harbour, in the State of which the operator of the ship is a resident.
6. The provisions of the preceding paragraphs shall also apply to profits from the participation in a pool, a joint business or an international operating agency.
7. For the application of this Article, it is understood that the income derived by an enterprise by the operation of ships or aircraft in international traffic includes the income derived by said enterprise from:
 - a) The leasing or the alienation of ships or aircraft operated in international traffic;
 - b) The use, maintenance, leasing or alienation of containers--including the related tug boats, barges and equipment for the transport of containers--used for the transport of goods and merchandise in international traffic;

provided that the activities cited in a) and b) are accessory to the operation of ships or aircraft in international traffic by said enterprise.

Article 7 A Associated Enterprises

1. Where:
 - a) an enterprise of a State participates directly or indirectly in the management, control or capital of an enterprise of the other State, or
 - b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a State and an enterprise of the other 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 State includes in the profits of an enterprise of that State--and taxes accordingly--profits on which an enterprise of the other 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 if it deems that such an adjustment is justified. In determining such adjustment, due regard shall be had to the other provisions of this Convention and the competent authorities of the two States shall if necessary consult each other.

Article 8 **Dividends**

1. Dividends paid by a company which is a resident of a State to a resident of the other State may be taxed only in that other State if this resident is the beneficial owner. It is understood that the provisions of this paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

2. The provisions of paragraph 1 shall also apply to the dividends paid by a company which is a resident of one State to the other State itself, the central bank or the public institutions of that other State.

3. A resident of the United Arab Emirates who receives dividends paid by a company which is a resident of France may obtain the reimbursement of the prepayment insofar as the prepayment has effectively been paid by the company for such dividends. The gross amount of the prepayment reimbursed is considered to be a dividend for the purposes of this Convention.

4. The term "dividend" as used in this Article means income from stock, shares or "jouissance" rights, mining shares, founders' shares or other rights not being debt claims, participating in profits, as well as the income subject to the tax treatment for distributions by the tax laws of the State of which the company making the distribution is a resident.

5. The provisions of paragraphs 1, 2 and 3 shall not apply where the beneficial owner of the dividends, being a resident of a State, carries on in the other State of which the company paying the dividends is a resident, a trade or business through a permanent establishment situated therein, or performs in that other State professional services from a fixed base situated therein, and the holding by virtue of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such a case, the provisions of Article 6 or Article 12, as the case may be, shall apply.

6. A company which is a resident of the United Arab Emirates and which may be taxed in France in accordance with the provisions of Articles 5, 6 or 11 shall not be subject in France to the withholding on the profits deemed to be distributed as stipulated in Article 115 sections 1 to 5 of the French general tax code.

7. Where a company which is a resident of a State earns profits or income from the other State, the other State may not impose any tax on the dividends paid by the company, except insofar as these dividends are paid to a resident of that other State or insofar as the holding by virtue of which the dividends are paid effectively arises from a permanent establishment or fixed base in that other State,

or subject the company to a tax on undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

Article 9

Income From Debt-Claims

1. Income from debt-claims arising in a State and paid to a resident of the other State may be taxed in that other State only if the resident is the beneficial owner of said interest.
2. The provisions of paragraph 1 shall also apply to the income from debt-claims arising in a State and paid to the other State itself, the central bank or public institutions of that other State.
3. The term “income from debt-claims” as used in this Article means income from debt-claims of every kind (including the income from bank deposits associated with the operation of ships or aircraft in international traffic), 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. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article. The term “income from debt-claims” does not include the items of income considered to be dividends according to the provisions of Article 8.
4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the income from debt-claims, being a resident of a State, carries on business or trade in the other 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 income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 6 or Article 12, as the case may be, shall apply.
5. Income from debt-claims shall be considered as arising in a State where the debtor is that State itself, a local authority thereof, or a resident of that State. However, where the debtor of the income from debt-claims, whether or not he is a resident of a State, has in a State a permanent establishment or a fixed base for which the debt giving rise to the payment of the interest has been contracted and which supports the cost of such interest, this interest shall be considered as arising in the State in which the permanent establishment or the 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 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 State, due regard being had to the other provisions of this Convention.

Article 10

Royalties

1. Royalties arising in a State and paid to a resident of the other State shall be taxable only in that other State if such resident is the beneficial owner of the royalties.

2. 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 or similar right, any patent, trade mark, design or model, plan, secret formula or process, and for the use or the right to use industrial, commercial or scientific equipment and for information dealing with experience acquired in the industrial, commercial or scientific area.
3. The provisions of paragraph 1 shall not apply if the beneficial owner of the royalties, being a resident of a State, carries on a business or trade in the other 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 6 or Article 12, as the case may be, shall apply.
4. Royalties shall be considered as arising in a State where the debtor is that State itself, a local authority thereof, or a resident of that State. However, where the debtor of the royalties, whether or not he is a resident of a State, has in a State a permanent establishment or a fixed base for which the obligations in respect of which the royalties have been paid have been contracted and which supports the cost of such royalties, these royalties shall be considered as arising in the State in which the permanent establishment or the fixed base is situated.
5. 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 State, due regard being had to the other provisions of this Convention.

Article 11

Capital Gains

1.
 - (a) Gains derived by a resident of one State from the alienation of immovable property referred to in article 5 and situated in the other State may be taxed in that other State.
 - (b) Gains from the alienation of shares in a company more than 80 per cent of the assets of which consists of immovable property or of rights relating to such property may be taxed in the State in which the immovable property is situated, where, under the laws of that State, such gains are subjected to the same tax regime as gains from the alienation of immovable property. As regards the application of this provision, immovable property used by that company in its own business or agricultural operations or in the performance of independent personal services shall not be taken into consideration.
2. Gains from the alienation of any property other than that referred to in paragraph 1 may be taxed only in the State of which the alienator is a resident, unless the property in respect of which the gain is realized is effectively connected either with a business activity carried on in the other State by the alienator through a permanent establishment situated therein, or with independent personal services performed in the other State by the alienator from a fixed base situated therein.



3. Notwithstanding the provisions of paragraph 2, gains from the alienation of shares representing a substantial participation in the capital of a company may be taxed in the State of which the company is a resident. There is deemed to be a substantial participation when the alienator holds, directly or indirectly, shares which, together, entitle him to more than 25 per cent of the profits of the company.

Article 12

Independent Personal Services

1. Income derived by a resident of one State in respect of professional services or other activities of an independent character shall be taxable only in that State, unless he has a fixed base regularly available to him in the other State for the purpose of performing his activities. If he has such a fixed base available to him, the income may be taxed in the other State but only so much of it as is attributable to that fixed base.

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.

Article 13

Dependent Personal Services

1. Subject to the provisions of Articles 14, 15 and 16, salaries, wages and other similar remuneration derived by a resident of one State in respect of an employment shall be taxable only in that State, unless the employment is exercised in the other 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 one State in respect of an employment exercised in the other 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 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 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. Subject to the provisions of Articles 15 and 16 and notwithstanding the provisions of paragraphs 1 and 2, the remuneration which a teacher or a researcher who is or was immediately before visiting one State a resident of the other State and who is present in the first-mentioned State solely for the purpose of teaching or engaging in research derives in respect of such activities shall be taxed only in the other State. This provision shall apply for a period not exceeding 24 months from the date on which the teacher or researcher first arrives in the first-mentioned State for the purpose of teaching or engaging in research.



4. Notwithstanding the preceding provisions of this article, remuneration derived by a resident of one State in respect of an employment exercised aboard a ship or aircraft operated in international traffic may be taxed only in that State. However, the remuneration received by an employee of an enterprise which operates ships or aircraft in international traffic for an employment directly related to that operation may be taxed only in the State in which the place of effective management of the enterprise is situated, when that employee is a national of that State without being at the same time a national of the other State.

Article 14 Pensions

1. Subject to the provisions of Article 15, pensions and other similar remuneration paid to a resident of one State in consideration of past employment shall be taxable only in that State.
2. Notwithstanding the provisions of paragraph 1, pensions paid and other payments made under the social security legislation of one State may be taxed in that State.

Article 15 Government Service

1. Remuneration other than a pension paid by one State or a local authority thereof or one of their bodies corporate governed by public law to an individual in respect of services rendered to that State or authority or body corporate governed by public law shall be taxable only in that State.
2. Any pension paid by, or out of funds created by, one State or a local authority thereof or one of their bodies corporate governed by public law to an individual in respect of services rendered to that State or authority or body corporate governed by public law shall be taxable only in that State.
3. The provisions of Articles 13 and 14 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by one State or a local authority thereof or one of their bodies corporate governed by public law.

Article 16 Students

1. Payments which a student or business apprentice who is or was immediately before visiting one State a resident of the other State and who is present in the first-mentioned State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that State, provided that such payments arise from sources outside that State.
2. Remuneration which a student or business apprentice who is or was immediately before visiting one State a resident of the other State and who is present in the first-mentioned State solely for the purpose of his education or training receives in respect of services rendered in the first-mentioned State shall not be taxed in the first-mentioned State, provided that such services are

related to his education or training or that such services are necessary to supplement the resources available to him for his maintenance.

Article 16A

Capital

1. Capital represented by immovable property owned by a resident of a State and situated in the other State may be taxed in that other State if the value of such immovable property is greater than the total value of the following items of capital owned by said resident:

- a) Shares (other than the shares described in paragraph 3) issued by a company which is a resident of the State in which the immovable property is situated, provided that they are listed on a stock exchange regulated by that State, or that this company is an investment company approved by the public authorities of that State;
- b) Debt-claims on the State in which the immovable property is situated, on local authorities or public institutions thereof, or public companies or on a company which is a resident of that State, the securities of which are listed on a regulated stock exchange in that State.

2. For the application of the provisions of this Article, the stock, shares or other rights in a company whose assets consist of greater than 50% in immovable property situated in a State, or of rights on such immovable property, shall be considered to be immovable property situated in that State. However, the immovable property assigned by that company to its own industrial, commercial or agricultural operation, or assigned to the exercise by such company of independent personal services, shall not be taken into consideration for determining the percentage cited hereinabove.

3. Capital represented by stock, shares or rights which are part of a substantial participation in a company – other than a company described in paragraph 2 – which is a resident of a State may be taxed in that State. A substantial participation shall be considered to exist when an individual owns directly or indirectly, alone or with associated persons, stock, shares or rights the total of which gives the right to more than 25 percent of the profits of said company.

4. Subject to the provisions of the preceding paragraphs, the capital owned by an individual who is a resident of a State may be taxed only in that State.

5. If, by virtue of a convention or agreement, or an amendment to a convention or agreement signed after the date of signing of the amendment to this Convention between France and a third State which is not a member of the European communities or of the European Association of free exchange, France grants, with respect to the wealth tax, a more favorable treatment than the treatment granted to the residents of the United Arab Emirates under this Convention, the same favorable treatment shall be automatically applied to the residents of the United Arab Emirates under this Convention as of the date of entry into force of the French convention, agreement or amendment in question.

6. It is understood that:



- a) Notwithstanding the provisions of paragraphs 1 and 4, capital represented by immovable property owned by a resident of a State and situated in the other State shall be taxed in that other State if the capital represented by the shares or debt-claims described in paragraph 1 is not permanent in character; this condition of permanence shall be considered to be fulfilled if the taxpayer has owned the shares or debt-claims in question – or, in replacement of such shares and debt-claims, other shares or debt-claims described in a) and b) of paragraph 1 which also have the required value – for a period, which does not have to be continuous, which totals more than eight months during the calendar year immediately preceding the date of the fact generating the tax; however, France and the United Arab Emirates may agree, after consultation between the competent authorities, to reduce this period through an exchange of diplomatic notes, and it is understood that the period reduced in this way must exceed a total of one hundred eighty-three days;
- b) The term “value” used in paragraph 1 means the gross value before deduction of debts;
- c) For the application of the Convention by a State, there shall be considered as owned by an individual the capital or property for which said person may be taxed by virtue of the domestic laws of that State;
- d) In order to benefit in a State from the tax exemption resulting from the provisions of paragraph 1, the taxpayer must complete the declaration of capital stipulated by the domestic law of that State and demonstrate that he has fulfilled the conditions required by that exemption;
- e) The conditions for the application of sub-paragraphs a) through d) shall be determined by France in such a way as to facilitate as much as possible the granting of the exemption thus stipulated. These conditions shall also take into account the difficulties resulting from the date of the retroactive entry into force of the amendment to the Convention;
- f) The amounts of tax paid between January 1, 1989 and the date of entry into force of the amendment to the Convention shall be reimbursed to the taxpayers if, and insofar as, the taxation in question is not in compliance with the provisions of this Article.

Article 17 **Estates and Inheritances**

1. Immovable property shall be subjected to the inheritance tax only in the State in which such property is situated.
2. Tangible and intangible movable property which is effectively connected with the performance of independent personal services or the carrying on of business in that State through a permanent establishment or from a fixed base situated therein shall be subjected to the inheritance tax only in that State.



3. Tangible and intangible movable property (including securities and deposits) to which paragraph 2 of this Article is not applicable shall be subjected to the inheritance tax only in the State of which the deceased was a resident at the time of his death.

Article 18 Specific Provisions

1. The investments of a State in the other State (including the investments of the central Bank and public institutions) and the income derived from such investments (including the gains derived from the alienation of said investments) shall be exempt from tax in that other State. The provisions of this paragraph shall not apply to immovable property nor to income – including gains – derived from immovable property.

2. Nothing in this Convention shall prevent the application of any more favourable tax regime which might be provided for by the French domestic law in force in respect of foreign public investment.

3. Individuals who are residents of the United Arab Emirates and who have at their disposal one or more dwellings for their private use in France, without having their fiscal domicile therein for the purposes of French legislation, shall be exempt from tax on the income established on the basis of the rental value of the dwelling or dwellings.

4. Interest, royalties and other costs paid by an enterprise of one State to a resident of the other State shall be deductible in the determination of the taxable profits of that enterprise on the same conditions as if they had been paid to a resident of the first-mentioned State.

5. If a person who is a resident of one State for the purposes of the domestic legislation of that State is deemed to be a resident of the other State on the basis of the criterion of nationality referred to in Article 4, paragraph 2 (c), the first-mentioned State may refuse to grant that person the tax exemptions or reductions provided for in the Convention in respect of residents of the other State, but shall nevertheless treat that person as a non-resident for the purposes of the application of its domestic law.

6. The provisions of the Convention shall not prevent or limit in any way the application by France--with regard to its residents other than the citizens of the United Arab Emirates--of the provisions of its domestic laws intended to prevent or sanction tax evasion or fraud.

7. It is understood that the provisions of Article 4 of the agreement between the French Republic and the United Arab Emirates with respect to the reciprocal encouragement and protection of investments, signed September 9, 1991, shall not apply in tax matters.

Article 19

Provisions for the Elimination of Double Taxation in the Case of France

1. Profits and other real income derived from the United Arab Emirates and taxable in that country in accordance with the provisions of this Convention shall also be taxable in France where they are payable to a resident of France. The tax paid in the United Arab Emirates shall not be

deductible for the purposes of calculating the income taxable in France, but the recipient shall be entitled to a tax credit to be deducted from the French tax covering such income. This tax credit shall be equal to:

- in the case of the income described in paragraphs 1 and 3 of Article 11 and for the income realized by a resident of France through a permanent establishment or a fixed base situated in the United Arab Emirates for tax purposes primarily, the amount of the tax paid in the United Arab Emirates, in accordance with those articles. It may not, however, exceed the amount of the French tax corresponding to such income;
- in the case of all other income, the amount of the corresponding French tax. This provision shall also be applicable to the remuneration referred to in Article 15 where the recipient is a resident of France.

2. Where a person who is a resident of the United Arab Emirates or who is established therein has his fiscal domicile in France for the purposes of French domestic law or is a branch more than 50 per cent of which is controlled directly or indirectly by a company whose place of management is in France, the income of such person shall be taxable in France, notwithstanding any other provision of this Convention.

In such case, in respect of all the income taxable in the United Arab Emirates under this Convention, France shall deduct from the tax in respect of such income the amount of the tax levied by the United Arab Emirates.

The provisions of this paragraph shall not be applicable to individuals who are citizens of the United Arab Emirates.

3. A resident of France who owns taxable capital in the United Arab Emirates in accordance with the provisions of Article 16A may also be taxed in France in respect of this capital. The French tax shall be calculated with a deduction of a tax credit equal to the amount of the tax of the United Arab Emirates paid on this capital. This tax credit may not, however, exceed the amount of the French tax corresponding to this capital.

4. Property which represents the estate of a resident of France shall be exempt from the French taxes referred to in Article 2, paragraph 1 (a), where such property is taxable in the United Arab Emirates under this Convention. France shall, however, retain the right to calculate the tax on the property to be levied in France under this Convention according to the average rate applicable to the property as a whole permissible under its domestic law.

5. The French competent authority may define the rules for the application of the provisions of this Article. In particular, this competent authority shall specify as needed, with respect to paragraphs 1 and 3, in what proportion the amount of the French tax corresponding to the items of income or capital in question shall be calculated when a progressive schedule is applicable.

Article 20**Provisions for the Elimination of Double Taxation in the Case of the United Arab Emirates**

Double taxation shall be avoided in accordance with the provisions of the legislation of the State of the United Arab Emirates.

Article 20A**Non-Discrimination**

1. Nationals of a State shall not be subjected in the other 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 that other State in the same circumstances are or may be subjected, notably with respect to residence. This provision shall, notwithstanding the provisions of Article 1, also apply to individuals who are not residents of one of the two States.
2. The taxation on a permanent establishment which an enterprise of a State has in the other 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.
3. No provision of this Article may be construed as obliging a State to grant to residents of the other State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.
4. In this Article, the term "taxation" means the taxes to which this Convention shall apply.

Article 21**Mutual Agreement Procedure**

1. Where a person considers that the actions of one or both of the 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 State of which he is a resident. The case must be presented within two 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 State, with a view to the avoidance of taxation which is not in accordance with this Convention. Any agreement reached shall be implemented notwithstanding any time-limits in the domestic law of the two States.
3. The competent authorities of the two States shall endeavour 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. The competent authorities of the two States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs. If it would appear that oral exchanges of views would facilitate an agreement, such exchanges of views may take place through a commission composed of representatives of the competent authorities of those States.

5. The competent authorities of the two States shall decide by mutual agreement the modalities for the application of the Convention, in particular the formalities to be completed by residents of one State in order to obtain in the other State the tax reductions or exemptions provided for by the Convention.

Article 21A

Exchange of Information

1. The competent authorities of the States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the States concerning taxes, whether or not covered by the Convention, insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Article 1. Any information received by a State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, taxes covered or not covered by the Convention. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on a State the obligation:

- a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other State;
- b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other State;
- c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy (*ordre public*).

Article 22

Diplomatic and Consular Officers

Nothing in this Convention shall affect the fiscal privileges of members of diplomatic missions and their personal domestics, of members of consular missions, or of members of permanent missions to international organizations under the general rules of international law or under the provisions of special agreements.

Article 23

Territorial Scope

1. This Convention shall apply:
 - (a) In the case of the United Arab Emirates, to the territory of the United Arab Emirates and to the islands pertaining thereto, including the territorial sea and any area beyond the territorial sea within which, in accordance with international law, the State of the United Arab Emirates has sovereign rights for the purposes of the exploration and exploitation of the resources of the sea bed and the subsoil thereof, and the adjacent waters.
 - (b) In the case of France, to the European and overseas departments of the French Republic, including the territorial sea and any area beyond the territorial sea within which, in accordance with international law, the French Republic has sovereign rights for the purposes of the exploration and exploitation of the resources of the sea bed and the subsoil thereof, and the adjacent waters.
2. This Convention may be extended, either in its entirety or with any necessary modifications, to the overseas territories and other local authorities of the French Republic which impose taxes substantially similar in character to those to which the Convention applies. Any such extension shall take effect from the date established by mutual agreement between the States through the exchange of diplomatic notes or in any other manner in accordance with their constitutional procedures. Such agreement shall also specify any necessary modifications to the Convention and the conditions for its application to the overseas territories to which it is extended.
3. Unless otherwise agreed by the two States, the termination of the Convention by one of them under Article 24 shall also terminate, in the manner provided for in that article, the application of the Convention to any territory to which it has been extended under this article.

Article 24

Entry Into Force and Termination

1. Each State shall notify to the other the completion of the procedures required by its law for the entry into force of this Convention. It shall enter into force on the first day of the second month following the receipt of the later of these notifications.
2. Its provisions shall apply for the first time:
 - (a) As regards taxes withheld at source, to amounts payable on or after the date of entry into force of this Convention;
 - (b) As regards other taxes on income, to income derived during the calendar year in which this Convention enters into force, or relating to the accounting period ending during that year;
 - (c) As regards the inheritance tax, to the estates of persons deceased on or after the date of entry into force of this Convention;



- (d) As regards the business tax referred to in article 7, to the tax imposed in respect of the year in which this Convention enters into force.

3. This Convention shall remain in force until it is terminated by one of the Contracting States. Either Contracting State may denounce the Convention by giving notice through the diplomatic channel six months before the end of any calendar year subsequent to 1993. In such event, the Convention shall cease to have effect.

The following provisions of the Convention shall cease to have effect as specified below:

- (a) As regards taxes withheld at source, to amounts payable on or before 31 December of the calendar year at the end of which it shall cease to have effect;
- (b) As regards other taxes on income, to income derived during the calendar year at the end of which it shall cease to have effect, or relating to the accounting period ending during that year;
- (c) With respect to taxation on capital, to capital owned as of January 1 of the calendar year at the end of which the Convention ceases to be in force;
- (d) As regards the inheritance tax, to the estates of persons deceased on or before 31 December of the calendar year at the end of which it shall cease to have effect;
- (e) As regards the business tax, to the tax levied in respect of the year for the end of which the termination has been notified.