



AGREEMENT OF 9TH FEBRUARY, 1999

Morocco

CONVENTION BETWEEN THE KINGDOM OF MOROCCO AND THE STATE OF THE UNITED ARAB EMIRATES FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

The Kingdom of Morocco and the State of the United Arab Emirates, desiring to develop and improve their economic relations, conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital, have agreed as follows:

Article 1

Persons Covered

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

Article 2

- 1) This Convention shall apply to taxes on income and on capital imposed on behalf of the Contracting State, or in favor of its local governments, a political branch thereof, local authorities, or regional administrative units, 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 capital, or on elements of income or capital, including taxes on gains from the alienation of movable or immovable property, as well as taxes on capital appreciation.
- 3) The existing taxes to which this Convention shall apply are, in particular:
 - a) in the United Arab Emirates:
 - (I) income tax.
 - (II) company tax.and hereinafter referred to as the “United Arab Emirates tax”
 - b) in the Kingdom of Morocco:
 - (I) (income tax for natural persons);
 - (II) (company tax);
 - (III) (tax on share returns or shareholdings and similar incomes);
 - (IV) (real estate tax);



- (V) (national solidarity tax);
 - (VI) (tax on returns from fixed income financial investments);
 - (VII) (tax on profits from the sale of shares and shareholdings);
- hereinafter referred to as “Morocco tax.”

4) The Convention shall apply also to any identical or substantially similar taxes that are levied after the date of the execution of the Convention in addition to, or in place of, existing taxes as referred to in paragraph (2). The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their respective taxation laws within a reasonable period following these changes.

Article 3 General Definitions

- 1) For the purposes of this Convention, unless the context otherwise requires:
 - a) the terms “Contracting State” and “other Contracting State” mean the State of the United Arab Emirates or the Kingdom of Morocco, as the context requires;
 - b) the term “The State of the United Arab Emirates” refers to the country of the United Arab Emirates that includes its territorial waters, islands, tax-free economic zone, continental shelf, and air space. It also includes natural resources over which the United Arab Emirates exercises its rule of law in accordance with the provisions of national legislation and international law;
 - c) the term “The Kingdom of Morocco” refers to the land of the Kingdom of Morocco and the areas adjacent to Morocco’s regional waters, including the regional sea and beyond, the economic zone, and other sea territories over which the Kingdom of Morocco exercises its judicial authority and its sovereignty rights in accordance with national legislation and international law for the purpose of the exploration and exploitation of its natural resources in deep waters, underground and in adjacent waters (continental shelf);
 - d) the term “tax” means the United Arab Emirates tax or the Kingdom of Morocco tax in accordance with the text requirements;
 - e) the term “person” includes an individual, a company and any other body of persons established legally in any of the two contracting countries;
 - f) the term “company” means any body corporate or any entity that is treated as a body corporate for tax purposes;
 - g) 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;



- b) if the State in which he has his center of vital interests cannot be determined, or he does not have 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 a 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 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 Contracting States shall settle the question by mutual agreement.

4) Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, such person shall be deemed to be a resident of the Contracting State in which its place of effective management is situated.

Article 5

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) place of management;
 - b) branch;
 - c) an office;
 - d) a factory;
 - e) a workhouse;
 - f) a workshop;
 - g) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources; and
 - h) a farm or field.
- 3) The term “permanent establishment” also includes:
 - a) a construction, installation or assembly site or project and the supervisory activities related thereto, but only when such site, construction project or activity lasts more than eight months;
 - b) use of the services rendered by an enterprise of the a Contracting State, including consulting services rendered by an enterprise of a Contracting State through employees or other individuals in the other Contracting Sate provided



that the term of such activities of the same enterprise or an enterprise related thereto shall not in total exceed six months;

4) Notwithstanding the preceding provisions of paragraphs (1) - (3), 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 any other activity of a preparatory or auxiliary character;
- f)* the maintenance of a fixed place of business solely for any combination of the 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;
- g)* Sale of goods or commodities of the enterprise which are displayed in regional shows after the expiry of the show period, provided that the concerned parties or companies shall satisfy all conditions required by both Contracting States.

5) Notwithstanding the provisions of paragraphs (1) and (2) of this Article, where a person, other than an agent of an independent status to whom paragraph (2) of this Article applies, is acting on behalf of an enterprise in the other Contracting State, it shall be deemed to have a permanent establishment in that state:

- a)* if it has in the Contracting State an authority to conclude contracts in the name of the enterprise;
- b)* if it has in the Contracting State a stock of goods for regular sale in the name of or on behalf of the enterprise; or
- c)* if the activities of such person are limited to those referred to 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 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, unless such agent devotes all its activities for the benefit of such enterprise, and in such case it shall not be considered an independent agent according to the meaning of 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.
- 8) Notwithstanding the provisions of paragraph 3 of Article 12, the profits resulting from the planning of the enterprise, business, design, research and technical services undertaken by a resident of any of the Contracting States regarding a construction site, installation or building project in that other Contracting State, such activities shall not be attributed to the construction site, installation or building project if they are performed outside the other Contracting State, provided that such costs shall be disregarded upon the determination of the net income subject to tax.

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 may be taxed in that other State.
- 2) The term “immovable property” shall have the meaning that it has under the law of the Contracting State in which the property is situated. The term in any case shall 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 apply to income derived from the direct use, letting or use in any other form of immovable property.
- 4) The provisions of paragraphs (1) and (3) above shall also apply to the income from immovable property of an enterprise used for the performance of independent 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 so far 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 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.
- 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 that 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 International Transport

- 1) Notwithstanding the provisions of Article 7, profits resulting 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 the enterprise operating the ships is located aboard a ship, such management place shall be deemed to be located in the Contracting State in which the home harbor of the ship is situated, and if such harbor does not exist, it shall be deemed to be located in the Contracting State where the ship owner resides.
- 3) Provisions of paragraph (1) shall also apply to profits generated from participation in a pool, a joint business or an international agency for the operation of ships or aircraft.
- 4) For the purposes of paragraph (1), profits resulting from the operation of ships and aircraft in international traffic shall mean profits gained by the enterprise indicated in paragraph (1) above, resulting from the activities of passenger transport by sea or air, post, ports and goods. They will also include:
 - a) Hire or rental of ships and aircraft for such transport;
 - b) the rental of containers and related equipment used in the operation of ships and aircraft in international transport;
 - c) profits generated from deposits related directly to the operations of ships or aircraft;
- 5) Profits achieved by an air transport company from its activities, including profits arising from incidental operations related to such activities, shall be exempted from the tax levied on the revenues

of movable capital and commercial and industrial profits or the tax levied on the profits of financial companies in both Contracting States.

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 the Convention and the competent authorities of the Contracting States shall, if necessary, consult each other.

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 only in that other State.
- 2) However, such dividends may be taxed in the Contracting State wherein the company paying the dividends is a resident, in accordance with the laws of such state. However, if the beneficiary is the owner who benefits from the dividends, the tax levied in such case shall not exceed:
 - a) Five percent of the total value of dividends if the actual beneficiary is a company in direct possession of no less than ten percent of the capital of the company paying the dividends.
 - b) Ten percent of the total value of dividends in all other cases.



3) Notwithstanding the provisions of paragraphs (1) and (2), the dividends paid by a company resident in a Contracting State shall be taxable only in the other Contracting State if the beneficial owner of the dividends is:

- in the case of the United Arab Emirates, such Contracting State or a political department or local authority thereof, the Central Bank, Abu Dhabi Investment Fund, Abu Dhabi Investment Company, Dubai Investment Company or any government financial establishment;
- in the case of the Kingdom of Morocco, such Contracting State or a political department or local authority thereof, the Morocco Bank, Collective Provision Fund, Northern Regions Development Agency or any government establishment wholly owned in the two Contracting States or the capital of which is contributed to by the governments of other states;

This shall be in accordance with what is agreed upon from time to time between the two Contracting States.

4) The term “dividends” as used in this Article means income from shares, usufruct shares, usufruct rights, mining shares and shareholders shares or other rights, not being debt-claims, participating in profits, as well as income deemed to be a distribution under the tax law of the Contracting State in which the company making the distribution is a resident.

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

6) Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except in so far as such dividends are paid to a resident of that other State or in so far as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment situated in that other State, nor subject the company’s undistributed profits to a tax on the company’s 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 11 Interest

1) Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed only in that other State.

2) However, such interest shall be taxable in the Contracting State where it arose in accordance with the legislation of such state. Nevertheless, if the actual interest beneficiary is a resident of the other Contracting State, the tax levied in such manner shall not exceed ten percent of the total amount of the interest.



3) Notwithstanding the provisions of paragraphs (1) and (2) of this Article, the interest paid to the government of a Contracting State or the local governments thereof, the UAE Central Bank, Abu Dhabi Development Fund, Abu Dhabi Investment Department, Abu Dhabi Investment Company, Dubai Investment Company or any other government establishment, and with respect to the Kingdom of Morocco, to the Morocco Bank, Collective Provision Fund, Northern Regions Development Agency or any other Moroccan government establishment, such interest shall not be taxed in both countries, and these provisions shall apply to loans secured by the government of either Contracting states or their local governments or financial departments.

4) The term “interest” as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage, and, in particular, income from government securities and income from bonds or debentures, including premiums attaching to such securities, bonds or debentures. Penalty charges for late payments shall not be regarded as interest for purposes of this Article.

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 and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment. 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 in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the State in which the permanent establishment 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 that for any reason exceeds the amount the payer and the beneficial owner would have agreed upon 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 arising in a Contracting State and paid to a resident of the other Contracting State may be taxed 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 beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed ten percent of the gross amount of the royalties. The competent authorities in the Contracting States shall by mutual agreement settle the mode of application of this limitation.

3) Notwithstanding the provisions of paragraphs (1) and (2) of this Article, royalties paid to the government of either Contracting State, its local governments, the UAE Central Bank, Abu Dhabi

Development Fund, Abu Dhabi Investment Department, Abu Dhabi Investment Company, Dubai Investment Company or any other government establishment, and with respect to the Kingdom of Morocco, to the Morocco Bank, Collective Provision Fund, Northern Regions Development Agency or any other Moroccan government establishment, such royalties shall be exempted from tax in both states, and these provisions shall apply to loans secured by the government of any of the two states or their local governments or financial departments.

4) 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 cinematographic films or movies, tapes and other media means of image or sound reproduction, any patent, trademark, design or model, plan, secret formula or process or other similar property or right, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific know-how.

5) The provisions of paragraph (1) of this Article 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, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment. In such cases, the provisions of Article 7 or Article 14, as the case may be, shall apply.

6) Royalties shall be deemed to arise in a Contracting State when the payer is 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 in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment, then the royalties shall be deemed to arise in the State in which the permanent establishment 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 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 indicated in Article 6, 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 resulting from the alienation of movable property owned by a permanent enterprise having a resident in a state contracting with the other Contracting State for exercising an independent profession, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise), may be taxed in that other State.



- 3) Gains from the alienation of ships or aircraft operated in international traffic, or of movable property pertaining to the operation of such ships or aircraft, 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 any property other than that referred to in the paragraphs (1), (2) and (3) above shall be taxable only in the Contracting State of which the alienator is a resident.

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 unless such resident has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities; in that case, only so much of the income as is attributable to that fixed base may be taxed in that other Contracting State.
- 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 15

Dependent Personal Services

- 1) Subject to the provisions of Articles 16, 18, 19 and 20 of this Convention, 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) above, 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;
 - 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 that 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 may be taxed in the Contracting State in which the place of effective management of the enterprise is situated.



Article 16 **Directors' Fees**

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 or similar body of a company which is a resident of the other Contracting State may be taxed in that other State.

Article 17 **Artistes and Sportspersons**

- 1) Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as an entertainer, such as a theater, motion picture, radio or television artiste, or a musician, or as a sportsperson, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State.
- 2) Where income in respect of personal activities exercised by an entertainer or a sportsperson in his capacity as such accrues not to the entertainer or sportsperson himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the State in which the activities of the entertainer or sportsperson are exercised.
- 3) Notwithstanding the provisions of paragraphs (1) and (2) above, income in respect of personal activities exercised by an entertainer or a sportsperson who is a resident of a Contracting State may be taxed only in such State if such activities have been performed in the other Contracting State within the framework of cultural or sports exchange agreed upon between the two Contracting States.

Article 18 **Pensions**

Subject to the provisions of paragraph (2) of Article 19, pensions and other similar remuneration paid to a resident of a Contracting State in consideration of past employment and any annuity paid to such a resident shall be taxable only in that State.

Article 19 **Government Services**

1.
 - a) Wages, salaries and other remunerations, with the exception of pensions paid by a Contracting State or one of its political or administrative departments or any of its local authorities to a natural person in return for services provided by the said person to such state, department or authority shall be taxable only in such state.



Article 22 Other Income

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.

Article 23 Capital

- 1) Capital represented by immovable property referred to in Article 6, owned by a resident of a Contracting State and situated in the other Contracting State, may be taxed in that other State.
- 2) Capital represented by 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 by 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, may be taxed in the State where the permanent establishment or the fixed base is located.
- 3) Capital of an enterprise represented by ships or aircraft operated in international traffic and by movable property pertaining to the operation of such ships and aircraft shall be taxable only in the Contracting State in which the effective management of the enterprise is situated.
- 4) All other capital of a resident of a Contracting State shall not be taxable.

Article 24 Income Paid to Governments and Local Authorities

- 1) Notwithstanding the provisions of Articles 10, 11 and 12 of this convention, any income paid to the government of a Contracting State shall be exempted from taxes and fees in the other Contracting State.
- 2) For the purposes of paragraph (1) of this Article, the term government means:
 - a) with respect to the government of the Kingdom of Morocco:
 - (I) local authorities;
 - (II) departments established legally and exercising government duties;
 - (III) Bank of Morocco;
 - (IV) Collective Provision Fund;
 - (V) Northern Regions Development Fund.
 - b) With respect to the State of the United Arab Emirates, the government of the State of the United Arab Emirates including:



- (I) political departments, local authorities and local governments;
- (II) the Central Bank, Abu Dhabi Investment Fund and Abu Dhabi Development Fund;
- (III) any establishment or government organization, as agreed upon from time to time between the two Contracting States.

Article 25

Methods for the Elimination of Double Taxation

Double taxation shall be avoided as follows:

- 1) Where a resident of a Contracting State derives income or owns capital which, in accordance with the provisions of the Convention, may be taxed in the other Contracting State, the first-mentioned state shall exempt from tax such income or capital taking into consideration the provisions of paragraphs 2 and 3.
- 2) Where a resident of a Contracting State derives items of income that, in accordance with the provisions of the 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.
- 3) Where, in accordance with any provision of this Convention, income derived or capital owned by a resident of a Contracting State is exempt from tax in that State, such State may nevertheless, in calculating the amount of tax on other income or capital, take into account the exempted income or capital.

Article 26

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 or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances, in particular with respect to residence, are or may be subjected. This procedure shall apply notwithstanding the provisions of Article 1 above to persons who are not residents of one or both of the Contracting States.
- 2) 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. This provision shall not be construed as obliging 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.

- 3) Unless the provisions of paragraph (1) of Article 9, paragraph (6) of Article 11 and paragraph (6) of Article 12 are applied, interest, royalties and other expenses paid by an enterprise of a Contracting State to a resident of the other Contracting State shall be deducted from the profits achieved by such an enterprise, on which the tax, which is levied, in accordance with the same conditions related to the deduction of expenses paid to a resident of the first-mentioned state.
- 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.

Article 27

Mutual Agreement Procedure

- 1) Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation which is not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided for by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph (1) of Article 24 above, to that of the Contracting State of which he is a national. The case must be presented within three 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 that is not in accordance with the Convention. Such mutual agreement shall be implemented in accordance with the terms provided for in the domestic laws of the Contracting States.
- 3) The competent authorities of the Contracting States shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. In particular, 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 Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

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 in so far as the taxation thereunder is not contrary to the Convention. The provisions of Article 1 above shall not affect the exchange of information procedures. Any information so exchanged 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) concerned with the assessment or



collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to the taxes which are the subject of 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) above be construed so as to impose on a Contracting State the obligation:

- a) to carry out administrative measures at variance with the laws of that or of the other Contracting State;
- b) to supply information which is not obtainable under the laws of that or of the other Contracting State;
- c) to supply information that would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public order.

Article 29

Members of Diplomatic Missions and Consular Posts

The provisions of this Convention shall not 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 30

Entry Into Force

1) The Convention shall enter into force from the date upon the completion of constitutional procedures and the ratification documents shall be exchanged between the two Contracting States as soon as possible .

2) The Convention shall come into force one month after the exchange of ratification documents and its provisions shall apply for the first time:

- a) in respect of taxes on income withheld at the source, on events that begin after December 31 in the year in which ratification documents are exchanged.
- b) in respect of other taxes levied on income or capital, on taxable events that begin after December 31 in the year in which ratification documents are exchanged.

Article 31

Termination



This Convention shall remain in force indefinitely unless terminated by a Contracting State. A Contracting State may terminate the Convention, through diplomatic channels, by giving the other Contracting State notice of termination no later than June 30 of the year indicated in the notice. However, such notice shall only be effective after the lapse of five calendar years from the date of signing this Convention. In this case, the Convention shall cease to have effect, and consequently its provisions shall not be applicable:

- a) in respect of taxes on income withheld at the source, from the first day of January in the calendar year following the year indicated in the Convention termination notice;
- b) in respect of other taxes, for any financial year beginning on the first day of January in the calendar year following the year indicated in the Convention termination notice.