Signed on: 12 April 2016

CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED ARAB EMIRATES AND THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF TAX EVASION AND AVOIDANCE WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL GAINS

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The Government of the United Arab Emirates and the Government of the United Kingdom of Great Britain and Northern Ireland;

Desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion and avoidance with respect to taxes on income and capital gains.

Have agreed as follows:

ARTICLE 1

Persons covered

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

2. Nothing in this Convention shall affect the right of either Contracting State, any political subdivision, local government or local authority thereof, to apply its own laws and regulations related to the taxation of income and profits derived from hydrocarbons situated in that State.

ARTICLE 2

Taxes covered

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

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

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

(a) in the case of the United Arab Emirates:

(i) the income tax;

(ii) the corporate tax;

(hereinafter referred to as "United Arab Emirates tax");

(b) in the case of the United Kingdom:

(i) the income tax;

(ii) the corporation tax; and

(iii) the capital gains tax;

(hereinafter referred to as "United Kingdom tax").

4. The Convention shall apply also to any identical or substantially similar taxes that 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 Contracting States shall notify each other of any significant changes that have been made in their taxation laws.

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ARTICLE 3

General definitions

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

(a) the term "United Arab Emirates" means the United Arab Emirates and, when used in a geographical sense, means the territory of the mainland and islands under its sovereignty including the territorial sea and airspace, as well as the sea bed and subsoil over which in accordance with international law the United Arab Emirates exercises, under the law of the United Arab Emirates, sovereign rights with respect to the exploration and exploitation of the natural resources thereof;

(b) the term "United Kingdom" means Great Britain and Northern Ireland and, when used in a geographical sense, means the territory and territorial sea of Great Britain and Northern Ireland and the areas beyond that territorial sea over which Great Britain and Northern Ireland exercise sovereign rights or jurisdiction in accordance with their domestic law and international law;

(c) the term "business" includes the performance of professional services and of other activities of an independent character;

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

(e) the term "competent authority" means:

(i) in the case of the United Arab Emirates, the Minister of Finance or his authorised representative;

(ii) in the case of the United Kingdom, the Commissioners for Her Majesty's Revenue and Customs or their authorised representative;

(f) the terms "a Contracting State" and "the other Contracting State" mean the United Arab Emirates or the United Kingdom, as the context requires;

(g) the term "enterprise" applies to the carrying on of any business;

(h) 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;

(i) the term "international traffic" means any transport by a ship or aircraft, except when the ship or aircraft is operated solely between places in a Contracting State and the enterprise that operates the ship or aircraft is not an enterprise of that State;

(j) the term "national" means:

(i) in respect of the United Arab Emirates:

aa) any individual possessing the nationality of the United Arab Emirates;

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bb) any legal person, partnership or association deriving its status as such from the laws in force in the United Arab Emirates;

(ii) in relation to the United Kingdom, any British citizen, or any British subject not possessing the citizenship of any other Commonwealth country or territory, provided he has the right of abode in the United Kingdom; and any legal person, partnership or association deriving its status as such from the laws in force in the United Kingdom;

(k) the term “pension scheme” means any scheme or other arrangement which:

(i) is generally exempt from income taxation; and

(ii) operates to administer or provide pension or retirement benefits or to earn income for the benefit of one or more such arrangements;

(l) the term “person” includes an individual, a company and any other body of persons;

(m) the term "recognised stock exchange" means:

(i) the Abu Dhabi Securities Exchange, the Dubai Financial Market, the Abu Dhabi Global Market, the Dubai Gold and Commodities Exchange, any successors thereto, and any other United Arab Emirates investment exchange recognised under United Arab Emirates law;

(ii) the London Stock Exchange, any successor thereto and any other United Kingdom investment exchange recognised under United Kingdom law; and

(iii) any other stock exchange agreed upon by the competent authorities.

2. As regards the application of the Convention at any time by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that State for the purposes of the taxes to which this Convention applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.

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ARTICLE 4
Resident

1. For the purposes of this Convention, the term "resident of a Contracting State" means:

(a) in the case of the United Arab Emirates:

(i) any individual who under the laws of the United Arab Emirates is domiciled in the United Arab Emirates or has his habitual abode or centre of vital interest in the United Arab Emirates;

(ii) any person other than an individual that is incorporated or otherwise recognized under the laws of the United Arab Emirates or any local government or local authority thereof;

(b) in the case of the United Kingdom, any person who, under the laws of the United Kingdom, is liable to tax therein by reason of his residence, place of management, place of incorporation or any other criterion of a similar nature. The term, however, does not include any person who is liable to tax in the United Kingdom in respect only of income from sources in the United Kingdom.

2. The term "resident of a Contracting State" includes:

(a) that State and any political subdivision or local government or local authority thereof, and any statutory body, agency or instrumentality of that State;

(b) a pension scheme established in that State; and

(c) an organisation that is established and is operated exclusively for religious, charitable, scientific, cultural, or educational purposes (or for more than one of those purposes) and that is a resident of that State according to its laws, notwithstanding that all or part of its income or gains may be exempt from tax under the domestic law of that State.

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

(a) he shall be deemed to be a resident only of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident only of the State with which his personal and economic relations are closer (centre of vital interests);

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(b) if the State in which he has his centre of vital interests cannot be determined, or if 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 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 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, then the competent authorities of the Contracting States shall endeavour to determine by mutual agreement the Contracting State of which that person shall be deemed to be a resident for the purposes of this Convention. In the absence of a mutual agreement by the competent authorities of the Contracting States, the person shall not be considered a resident of either Contracting State for the purposes of claiming any benefits provided by the Convention, except those provided by Articles 21, 22 and 23.

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) 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 exploration for or exploitation of natural resources.

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3. A building site or construction or installation project constitutes a permanent establishment only if it lasts more than 12 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 carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;

(f) the maintenance of a fixed place of business solely for any combination of activities mentioned in sub-paragraphs (a) to (e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

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 Contracting State an authority to conclude contracts on behalf 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 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.

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

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establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

ARTICLE 6

Income from immovable property

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.

2. The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships 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 shall also apply to the income from immovable property of an enterprise.

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

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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 Contracting 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. Where profits include items of income or capital gains 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.

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ARTICLE 8

Shipping and air transport

1. Profits of an enterprise of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that State.

2. The provisions of paragraph 1 shall also apply to profits from the participation in a pool, a joint business, or an international operating agency but only to so much of the profits so derived as is attributable to the participant in proportion to its share in the joint operation.

ARTICLE 9

Associated enterprises

1. Where:

(a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State; or

(b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State;

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

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

ARTICLE 10

Dividends

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

2. However, dividends paid by a company which is a resident of a Contracting State may also be taxed in that State and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State;

(a) except as provided in sub-paragraph (b) such dividends shall be exempt from tax in the Contracting State of which the company paying the dividends is a resident;

(b) where dividends are paid out of income (including gains) derived directly or indirectly from immovable property within the meaning of Article 6 by an investment vehicle which distributes most of this income annually and whose income from such immovable property is exempted from tax, the tax charged by the Contracting State of which the company paying the dividends is a resident shall not exceed 15 per cent of the gross amount of the dividends other than where the beneficial owner of the dividends is a pension scheme established in the other Contracting State, where the exemption provided in sub-paragraph (a) shall apply.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

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3. The term "dividends" as used in this Article means income from shares, or other rights, not being debt-claims, participating in profits, as well as any other item which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident through a permanent establishment situated therein 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 shall apply.

5. 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 insofar as such dividends are paid to a resident of that other State or insofar 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 undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in that other State.

6. No relief shall be available under this Article if it was the main purpose or one of the main purposes of any person concerned with the creation or assignment of the shares or other rights in respect of which the dividend is paid to take advantage of this Article by means of that creation or assignment.

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ARTICLE 11

Interest

1. Interest arising in a Contracting State and beneficially owned by a resident of the other Contracting State may be taxed in that other State.

2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest is a resident of the other Contracting State and at least one of the conditions mentioned in paragraph 3 is met, that interest shall be taxable only in that other State.

3. The conditions mentioned in paragraph 2. are that:

(a) the interest is beneficially owned by:

(i) that other State itself, one of its political subdivisions, local governments, local authorities, its Central Bank, or its statutory bodies;

(ii) an individual;

(iii) a company in whose principal class of shares there is substantial and regular trading on a recognized stock exchange;

(iv) a pension scheme; or

(v) a financial institution which is unrelated to and dealing wholly independently with the payer (the term "financial institution" here means a bank or other enterprise substantially deriving its profits by raising debt finance in the financial markets or by taking deposits at interest and using those funds in carrying on a business of providing finance);

(vi) a company other than a company mentioned under sub-paragraphs (iii), (iv) or (v) provided that the competent authority of the Contracting Party which has to grant the benefits determines that the establishment, acquisition or maintenance of the company does not have as its main purpose or one of its main purposes to secure the benefits of this Article; or

(b) the interest is paid by a Contracting State, one of its political subdivisions, local governments, local authorities or statutory bodies.

4. For the purposes of paragraph 3(a)(i), the term "statutory bodies" includes any institution wholly or mainly owned directly or indirectly by the Government of either Contracting State as may be agreed from time to time by exchange of letters between the competent authorities of the Contracting States; and, in the case of the United Arab Emirates, includes the Abu Dhabi Investment Authority and the Investment Corporation of Dubai.

5. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures. The term shall not include any item which is treated as a dividend under the provisions of Article 10.

6. The provisions of paragraph 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 shall apply.

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 paid exceeds, for whatever reason, the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the

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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.

8. No relief shall be available under this Article if it was the main purpose or one of the main purposes of any person concerned with the creation or assignment of the debt-claim in respect of which the interest is paid to take advantage of this Article by means of that creation or assignment.

ARTICLE 12

Royalties

1. Royalties arising in a Contracting State and beneficially owned by a resident of the other Contracting State shall be taxable only in that other State.

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 of literary, artistic or scientific work including cinematograph films, any patent, trade mark, design or model, plan, secret formula or process, or for information (know-how) concerning industrial, commercial or scientific experience.

3. The provisions of paragraph 1 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 case the provisions of Article 7 shall apply.

4. 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 paid exceeds, for whatever reason, 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.

5. No relief shall be available under this Article if it was the main purpose or one of the main purposes of any person concerned with the creation or assignment of the rights in respect of which the royalties are paid to take advantage of this Article by means of that creation or assignment.

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ARTICLE 13

Capital Gains

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in that other State.

2. Gains derived by a resident of a Contracting State from the alienation of shares, other than shares in which there is substantial and regular trading on a Stock Exchange, or comparable interests, deriving their value or the greater part of their value directly or indirectly from immovable property situated in the other Contracting State may be taxed in that other State.

3. 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, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) may be taxed in that other State.

4. Gains that an enterprise of a Contracting State that operates ships or aircraft in international traffic derives from the alienation of such ships or aircraft, or from movable property pertaining to the operation of such ships or aircraft, shall be taxable only in that Contracting State.

5. Gains from the alienation of any property other than that referred to in paragraphs 1, 2, 3 and 4 shall be taxable only in the Contracting State of which the alienator is a resident.

ARTICLE 14

Income from employment

1. Subject to the provisions of Articles 15, 17, and 18, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

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

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

(b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State; and

(c) the remuneration is not borne by a permanent establishment which the employer has in the other State.

3. Notwithstanding the preceding provisions of this Article, remuneration derived by a resident of a Contracting State in respect of an employment exercised aboard a ship or aircraft operated in international traffic (other than aboard a ship or aircraft operated solely within the other Contracting State) shall be taxable only in that State.

ARTICLE 15

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

ARTICLE 16

Entertainers and sportsmen

1. Notwithstanding the provisions of Article 14, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsman, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State.

2. Where income in respect of personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles 7 and 14, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.

3. The provisions of paragraphs 1 and 2 shall not apply to income derived by entertainers or sportsmen who are residents of a Contracting State from their personal activities as entertainers or sportsmen exercised in the other Contracting State if their visit to that other Contracting State is substantially supported from the public

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funds of the first-mentioned Contracting State, nor to income derived by a non-profit making organisation which is a resident of a Contracting State in respect of such activities provided no part of its income is payable to, or is otherwise available for the personal benefit of, its proprietors, founders or members. In such a case, the income shall be taxable only in the Contracting State of which the entertainer, sportsman or non-profit making organisation is a resident.

ARTICLE 17

Pensions

Subject to the provisions of paragraph 2 of Article 18, pensions and other similar remuneration paid to a resident of a Contracting State shall be taxable only in that State.

ARTICLE 18

Government service

1 (a) Salaries, wages and other similar remuneration paid by a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.

(b) However, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State who:

(i) is a national of that State; or

(ii) did not become a resident of that State solely for the purpose of rendering the services.

2. (a) Notwithstanding the provisions of paragraph 1, pensions and other similar remuneration paid by, or out of funds created by, a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.

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(b) However, such pensions and other similar remuneration shall be taxable only in the other Contracting State if the individual is a resident of, and a national of that State.

3. The provisions of Articles 14, 15, 16 and 17 shall apply to salaries, wages, pensions and other similar remuneration in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or a local authority thereof.

4. The provisions of paragraphs 1, 2, and 3 shall likewise apply in respect of salaries, wages, pensions, and other similar remuneration paid by a government-owned institution performing functions of a governmental nature, which in the case of the UAE shall include the Abu Dhabi Investment Authority, the Abu Dhabi Investment Council, the Mubadala Development Company, and the Investment Corporation of Dubai.

ARTICLE 19

Students

1. Payments which a student or business apprentice who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned State solely for the 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 trainee who is or was before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned Contracting State for the purpose of his education or training derives from services rendered in the first-mentioned Contracting State shall not be taxed in that State unless it exceeds the exemption or allowance provided under the law of that Contracting State.

ARTICLE 20

Other income

1. Items of income of a resident of a Contracting State, wherever arising, which are not dealt with in the foregoing Articles of this Convention shall be taxable only in that State.

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2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

3. Notwithstanding the provisions of paragraphs 1 and 2, items of income of a resident of a Contracting State not dealt with in the foregoing articles of this Convention and arising in the other Contracting State may also be taxed in that other State.

ARTICLE 21

Elimination of double taxation

1. Where a resident of the United Arab Emirates derives income, profits or capital gains which in accordance with the provisions of this Convention may be taxed in the United Kingdom, the United Arab Emirates shall allow as a deduction from tax on the income, profits or capital gains of that person an amount equal to the tax on income, profits or capital gains paid in the United Kingdom. Such deduction shall not, however, exceed that part of the tax computed in the United Arab Emirates before the deduction is given, which is attributable to the income, profits or capital gains which may be taxed in the United Kingdom.

2. Subject to the provisions of the law of the United Kingdom regarding the allowance as a credit against United Kingdom tax of tax payable in a territory outside the United Kingdom or, as the case may be, regarding the exemption from United Kingdom tax of a dividend arising in a territory outside the United Kingdom or of the profits of a permanent establishment situated in a territory outside the United Kingdom (which shall not affect the general principle hereof):

(a) United Arab Emirates tax payable under the laws of the United Arab Emirates and in accordance with this Convention, whether directly or by deduction, on profits, income or chargeable gains from sources within the United Arab Emirates (excluding in the case of a dividend, tax payable in respect of the profits out of which the dividend is paid) shall be allowed as a credit against any United Kingdom tax computed by reference to the same profits, income or chargeable gains by reference to which the United Arab Emirates' tax is computed;

(b) a dividend which is paid by a company which is a resident of the United Arab Emirates to a company which is a resident of the United Kingdom shall be exempted from United Kingdom tax when the exemption is

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applicable and the conditions for exemption under the law of the United Kingdom are met;

(c) the profits of a permanent establishment in the United Arab Emirates of a company which is a resident of the United Kingdom shall be exempted from United Kingdom tax when the exemption is applicable and the conditions for exemption under the law of the United Kingdom are met;

(d) in the case of a dividend not exempted from tax under sub-paragraph (b) above which is paid by a company which is a resident of the United Arab Emirates to a company which is a resident of the United Kingdom and which controls directly or indirectly at least 10 per cent of the voting power in the company paying the dividend, the credit mentioned in sub-paragraph (a) above shall also take into account the United Arab Emirates's tax payable by the company in respect of its profits out of which such dividend is paid.

Profits, income and gains owned by a resident of the United Kingdom which may be taxed in the United Arab Emirates in accordance with this Convention shall be deemed to arise from sources in the United Arab Emirates.

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ARTICLE 22

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.

2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities.

3. Except where the provisions of paragraph 1 of Article 9, paragraph 7 or 8 of Article 11 or paragraph 4 or 5 of Article 12 apply, interest and royalties paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been 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.

5. Nothing contained in this Article shall be construed as obliging either Contracting State to grant to individuals not resident in that State any of the personal allowances, reliefs and reductions for tax purposes which are granted to individuals so resident or to its nationals.

ARTICLE 23

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 not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 22, 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 endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with this Convention. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of this 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 Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

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ARTICLE 24

Exchange of information

1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Convention or to the administration or enforcement of the domestic laws of the Contracting States concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Articles 1 and 2.

2. Any information received under paragraph 1 by a Contracting 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) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to, the taxes referred to in paragraph 1, or the oversight of the above. 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. Notwithstanding the foregoing, information received by a Contracting State may be used for other purposes when such information may be used for such other purposes under the laws of both States and the competent authority of the supplying State authorises such use.

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

(a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting 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 Contracting 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.

4. If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.

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5. In no case shall the provisions of paragraph 3 be construed to permit a Contracting State to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.

ARTICLE 25

Members of diplomatic missions and consular posts

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

ARTICLE 26

Entry into force

1. Each of the Contracting States shall notify the other, through diplomatic channels, of the completion of the procedures required by its law for the bringing into force of this Convention. This Convention shall enter into force on the date of the later of these notifications.

2. The provisions of the Convention shall have effect:

(a) with regard to taxes withheld at source, in respect of amounts paid or credited on or after the first day of January of the calendar year following the year in which the Convention enters into force;

(b) with regard to other taxes, in respect of taxable years (and in the case of United Kingdom corporation tax, financial years) beginning on or after the first day of January of the calendar year following the year in which the Convention enters into force.

ARTICLE 27

Termination

1. This Convention shall remain in force until terminated by one of the Contracting States. Either Contracting State may terminate the Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year beginning after the expiry of five years from the date of entry into force of the Convention.

2. This Convention shall cease to have effect:

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(a) with regard to taxes withheld at source, in respect of amounts paid or credited on or after the first day of January of the calendar year following the year in which the notice is given; and

(b) with regard to other taxes, in respect of taxable years (and in the case of United Kingdom corporation tax, financial years) beginning on or after the first day of January of the calendar year following the year in which the notice is given.

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Protocol

At the moment of signing the Convention between the Government of the United Arab Emirates and the Government of the United Kingdom of Great Britain and Northern Ireland for the avoidance of double taxation and the prevention of tax evasion and avoidance with respect to taxes on income and on capital gains the undersigned have agreed that the following provisions shall form an integral part of the Agreement:

With reference to the Convention as a whole

It is understood that the Convention does not restrict in any manner any benefit (e.g. exclusion, exemption, reduction, deduction, credit or other allowance) now or hereafter accorded

(a) by the laws of either Contracting State; or

(b) by any other agreement between the Contracting States.

With respect to Article 4, paragraph 4 (Resident)

It is understood that in considering cases which fall within paragraph 4 of Article 4 of the Convention the competent authorities shall have regard to:

(i) where the senior management of the person is carried on;

(ii) where the meetings of the board of directors or equivalent body are held;

(iii) where the person's headquarters are located;

(iv) the extent and nature of the economic nexus of the person to each State; and

(v) whether determining that the person is a resident of one of the Contracting States but not of the other State for the purposes of the Convention would carry the risk of an improper use of the Convention or inappropriate application of the domestic law of either State.

This list of factors is not exhaustive.

The competent authorities shall apply the provisions of paragraph 4 of Article 4 on a case by case basis. As the facts upon which an agreement is reached may change over time the competent authorities may revisit agreements, particularly where there are significant changes in the relevant facts.

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With respect to Article 8 (Shipping and air transport)

It is understood that profits from the operation of ships or aircraft by an enterprise of a Contracting State in international traffic include:

(a) profits from the rental on a bareboat charter basis of ships or aircraft, if the activity is ancillary to the enterprise's main operations;

(b) profits from the use, maintenance or rental of containers (including trailers and related equipment for the transport of containers) used for the transport of goods or merchandise, if those activities are directly connected or ancillary to the enterprise's main operations;

(c) the selling of tickets on behalf of other transportation enterprises, if such sales are directly connected with voyages aboard ships or aircraft that the enterprise operates;

(d) the provision of goods and services by engineers, ground and equipment-maintenance staff, cargo handlers, catering staff and customer services personnel, if such provision is directly connected or ancillary to the enterprise's main operations;

(e) Investment income which arises from deposits, bonds, shares and securities made or acquired as an integral part of the carrying on of the enterprise's main operations.

With respect to Articles 10(6), 11(8) and 12(5) of the Convention,

It is understood that in the event that a resident of a Contracting State is denied relief from taxation in the other Contracting State by reason of one of those provisions, the competent authority of that other Contracting State shall explain the reasons for this to the competent authority of the first-mentioned Contracting State. In the event of any difficulties as to the application of these paragraphs, the competent authorities of the Contracting States shall endeavour to resolve these by mutual agreement within the framework of Article 23 (Mutual agreement procedure) of the Convention.

With respect to Article 13 (Capital gains)

It is understood that paragraph 5 includes capital gains from the alienation of shares or comparable interests in a company, other than those referred to in paragraph 2 derived by a resident of a Contracting State, including Government financial institutions or investment companies of that State.

With respect to Article 22 (Non-discrimination),

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It is understood that nothing in this Article imposes a legal obligation on a Contracting State to extend to the residents of the other Contracting State, the benefit of any treatment, preference or privilege which may be accorded to any other State or its residents by virtue of the formation of a customs union, a free trade area or by virtue of any regional or sub-regional arrangement relating wholly or mainly to taxation, to which the first-mentioned State may be a party pursuant to the practice of either Contracting State.

It is further understood that this Article does not prevent the provision by a Contracting State of financial assistance (such as "bail-outs") to companies resident in that state operating in the financial sector.

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