

البوسنة والهرسك

Bosnia And Herzegovina

AGREEMENT

BETWEEN

UNITED ARAB EMIRATES

AND

BOSNIA AND HERZEGOVINA

FOR THE AVOIDANCE OF DOUBLE TAXATION WITH

RESPECT TO TAXES ON INCOME AND ON CAPITAL

The United Arab Emirates and Bosnia and Herzegovina

Desiring to conclude an Agreement for avoidance of double taxation with respect to taxes on income and capital,

Have agreed as follows:

Article 1
PERSONAL SCOPE

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

Article 2
TAXES COVERED

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

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

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

a) in the United Arab Emirates:

(1) the income tax;

(2) the corporate tax;

(hereinafter referred to as "UAE tax");

b) in Bosnia and Herzegovina:

(1) tax on salary;

(2) tax on profit of the enterprise;

(3) tax on profit from economic and professional activity;

(4) tax on income from agriculture;

(5) tax on property;

(6) tax on revenue from copyrights, patents and technical innovations;

(7) tax on gross income of natural person.

(hereinafter referred to as "Bosnia and Herzegovina tax")

4. The Agreement shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Agreement 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.

Article 3
GENERAL DEFINITIONS

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

a) the terms "a Contracting State" and "the other Contracting State" mean the United Arab Emirates or Bosnia and Herzegovina, as the context requires;

b) the term "the UAE" means the territory of the United Arab Emirates over which, under UAE legislation and in accordance with international law, the sovereign rights of the UAE are exercised;

c) the term "Bosnia and Herzegovina" means the territory of Bosnia and Herzegovina over which, under Bosnia and Herzegovina legislation and in accordance with international law, the sovereign rights of Bosnia and Herzegovina are exercised;

d) the term "political subdivision" means:
-in case of UAE:
-Abu Dhabi, Dubai, Ras Al Khaimah, Shariah, Fujairah, Ajman and
Um Alqawain and their local governments;
-in the case of Bosnia and Herzegovina means:
-Federation of Bosnia and Herzegovina, Republic of Srpska and District
Brcko.

e) the term "national" means any individual possessing the nationality of a Contracting State;

f) the term "person" includes any physical and legal person registered under the law of a Contracting State;

g) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;

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 traffic by a ship, boat, aircraft, road or railway vehicles operated by an enterprise that has its place of effective management in a Contracting State, except when the ship, boat, aircraft, road or railway vehicles is operated solely between places in the other Contracting State;

j) the term "competent authority" means:

(i) in the case of the UAE, the Minister of Finance and Industry or his authorised representative;
(ii) in the case of Bosnia and Herzegovina:
the Ministry of treasury of Bosnia and Herzegovina.

2. As regards the application of the Agreement 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 the Agreement 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.

Article 4
RESIDENT

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

a) in case of Bosnia,
any person who, under the laws of Bosnia, is liable to tax therein by reason of his domicile, residence, place of incorporation, place of management or any other criterion , of a similar nature, and also include that state and any political subdivision or local authority thereof.

b) in case of United Arab Emirates, an individual who is resident of the United Arab Emirates including such a resident individual who is a national of the United Arab Emirates or who is domiciled in the United Arab Emirates , and a company which is incorporated or has its place of management in the United Arab Emirates

2.For the purpose of paragraph 1, the term "resident of a Contracting State" shall include:

a) the government of a Contracting State and any political subdivision or local authority thereof;

b) any government institution created in a Contracting State under the laws 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);

b) if the State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident 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.

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

Article 5
PERMANENT ESTABLISHMENT

1. For the purposes of this Agreement, 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 of a part of the enterprise;
b) a branch;
c) an office;
d) a factory;
e) a workshop, and
f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

3. A building site, a construction, assembly or installation project or supervisory activities in connection therewith, constitute a permanent establishment, but only if such site, project or activities continue for a period of more then twelve 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 advertising, supply of information, scientific research or similar activities which have a preparatory character or auxiliary character, for the enterprise;
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 in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

6. An enterprise shall not be deemed to have a permanent establishment in a 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 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 after deducting all expenses of that business unite.

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 paragraph 1 shall not apply to income derived from the direct use, letting, or use in any other form of immovable property if the beneficial owner is the state itself, political subdivision or local government and their financial institutions thereof.)

5. The provisions of paragraphs 1 and 3 of this article shall apply to the income from immovable property of an enterprise and to income from immovable property 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 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 and interest paid on capital used by permanent establishment, whether in the State in which the permanent establishment is situated or elsewhere.

4. Insofar as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this Article.

5. 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.

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

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

Article 8
SHIPPING AND AIR TRANSPORT

Notwithstanding the provisions of Article 7 of this Agreement:

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 Contracting State.

2. For the purposes of this Article profit from the operation of ships or aircraft in international traffic include profits from the rental on a bareboat basis of ships or aircraft.

3. The provisions of paragraph 1 shall also apply to profits derived from:

a) the participation in a pool, a joint business or an international operating
agency;
b) selling of tickets on behalf of another enterprise;
c) income from training schemes;
d) income driving from deposits at the Bank for the transactional purposes.

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

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 Agreement and the competent authorities of the Contracting State 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, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed:

a) 0-5 % per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 10 % per cent of the capital of the company paying the dividends:
b) 10 % per cent of the gross amount of the dividends in all other cases.

The competent authorities of the Contracting State shall by mutual agreement settle the mode of application of these concessions and limitations mentioned in sub-paragraphs a) and b).

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

3. Notwithstanding the provisions of paragraph 1 and 2 of this Article, dividends paid to a Contracting State, local governments, their financial institutions, local authorities such dividends shall be taxable only in the state of resident.

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

5. 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.

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 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 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 shall be taxable only in that other Contracting State, including loans guaranteed by the government of the other Contracting State or any governmental institution or other entity thereof.

2. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as interest for the purposes of this Article. The term "interest" shall not include any item of income which is considered as a dividend under the provisions of paragraph 3 of Article 10.

3. The provisions of paragraph 1 of this Article shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14 of this Agreement, as the case may be, shall apply.

4. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, local authority or a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

5. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial

owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

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 recipient is the beneficial owner of the royalties the tax so charged shall not exceed 5 % per cent of the gross amount of the royalties.
The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

3. Notwithstanding the provision of paragraph 1 and 2 of this Article, royalties shall be exempted from tax in the Contracting State in which it arises if it is derived and beneficiary owned by the government of the other Contracting State, local government, including any political subdivision or local authority thereof, the Central Bank or any financial institutions wholly owned by that government or local governments.

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 cinematograph films, and films or tapes for television or radio broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.

5. The provisions of paragraphs 1 and 2 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, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14 of this agreement, as the case may be, shall apply.

6. Royalties shall be deemed to arise in a Contracting State when the payer is that state itself, a political subdivision, a local authority or resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

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 Agreement.

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 shall be taxed in that other State.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other contracting state for the purposes of the performing independent personal services,

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

3. Gains from the alienation of ships, aircraft or road vehicles operated in international traffic, boats engaged in inland waterways traffic or movable property pertaining to the operation of such ships, boats, aircraft or road vehicles, 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 paragraphs 1, 2 and 3 of this Article, 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:

a) he 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; or
b) his stay in the other Contracting State in for a period or periods amounting to or exceeding in the aggregate 183 days in the fiscal year concerned; in that case, only so much of the income as is derived from his activities performed in that other Contracting State may taxed in that other 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, architect, dentists and accountants.

ARTICLE 15
DEPENDENT PERSONAL SERVICES

1. Subject to the provisions of Articles 16, 18, 19, 20 and 21of this Agreement, 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 of this Article, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:

a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in any twelve month period commencing or ending in the fiscal year concerned, and
b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and
c) the remuneration is not borne by a permanent establishment or a fixed base, which the employer has in the other State.

3. Notwithstanding the preceding provisions of this Article, remuneration derived by a resident of a Contracting State shall be taxable in the State if the remuneration is paid in respect of:

a) an employment exercised in the other Contracting State in connection with a building site, a construction, assembly or installation project or supervisory activities in connection therewith, for the period of twelve months during which such site, project or activities do not constitute a permanent establishment in that other state;

b) an employment exercised aboard a ship, boat, aircraft, or road vehicle operated in international traffic.

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

Article 17
ARTISTES AND SPORTSMENNS

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artist, or a musician, or as a sportspersons, from his or her 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 sportspersons in his capacity as such accrues not to the entertainer or sportspersons himself or herself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15 of this Agreement, be taxed in the Contracting State in which the activities of the entertainer or sportspersons are exercised.

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, income derived by a resident of a Contracting State from his personal activities as an entertainer or as a sportsperson shall be taxable only in that state if the activities are exercised in the other Contracting State within the framework of a cultural or a sports exchange program approved by both Contracting States.

Article 18
PENSIONS

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

Article 19
GOVERNMENT SERVICE

1. a) Salaries, wages and other similar remuneration, other than a pension, paid by a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.
b) However, such salaries, 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:
- is a national of that State; or
- did not become a resident of that State solely for the purpose of rendering the services.

2. a) Any pension 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.

b) However, such pension 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 15, 16 and 18 of this Agreement shall apply to salaries, wages and other similar remuneration, and pensions, paid in connection with a business carried on by a Contracting State or a political subdivision or a local authority thereof, their financial institutions where the capital is wholly owned by the state.

Article 20
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. In respect of grants, scholarships and remuneration from employment not covered by paragraph 1 of this Article, a student or business apprentice referred to in paragraph 1 shall, in addition, be entitled during such education or training to the same exemptions, relieves or reductions in respect of taxes available to residents of the Contracting State.

Article 21
PROFESSORS AND TEACHERS

1. An individual who visits a Contracting State for the purpose of teaching or carrying out research at a university, college, school or other recognized educational institution in that state and who is or was immediately before that visit resident of the other Contracting State, shall be exempt from taxation in the first mentioned Contracting State on remuneration for such teaching or research for a period not exceeding four years from the date of his first visit for that purpose, provided that such remuneration is derived by him from outside that state.

2. The provisions of paragraph 1 of this Article shall not apply to income from research if such research is undertaken not in the public interest but primarily for the private benefit of a specific person or persons.

Article 22
OTHER INCOME

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

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 of this Agreement , 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 or performs in that other state independent personal services form a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such

permanent establishment or fixed base. In such case the provisions of Article 7 shall apply or Article 14 of this Agreement, as the case may be, shall apply.

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 fixed base available to a resident of Contracting State in the other Contracting State for the purpose of performing independent personal services may be taxed in that other State.

3. Capital represented by ships, aircraft or road vehicles operated in international traffic and by boats engaged in inland waterways traffic, and by movable property pertaining to the operation of such ships, boats, aircraft and road vehicles shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

4. All other elements of capital of a resident of a Contracting State shall be taxable only in that State.

ARTICLE 24
HYDROCARBONS

Nothing in this convention shall affect the right of either one of the Contracting States ,or of any their local governments or local governments or local authorities thereof to apply their domestic laws and regulations related to the taxation of income and profits derived from hydrocarbons and its associated activities situated in the territory of the respective Contracting States, as the case may be.

Article 25
ELIMINATION OF DOUBLE TAXATION

1.In the case of the resident of UAE, double taxation shall be avoided as follows:

a) Where a resident of a the UAE derives income or owns capital which, in accordance with the provisions of this Agreement, may be taxed in the Bosnia and Herzegovina, the UAE shall allow:

-as a deduction from the tax on the income of that resident, an amount equal to the tax on income paid in the Bosnia and Herzegovina;

-as a deduction from the tax on the capital of that resident, an amount equal to the tax on capital paid in the Bosnia and Herzegovina.

Such deduction in either case shall not, however, exceed that part of the income tax or capital tax, as computed before the deduction is given, which is attributable, as the case may be, to the income or the capital which may be taxed in the Bosnia and Herzegovina.

b) Where in accordance with any provision of the Agreement income derived or capital owned by a resident of the UAE exempt from tax in UAE, UAE may nevertheless, in calculating the amount of tax on the remaining income or capital of such resident, take into account the exempted income or capital.

2.In the case of the resident of Bosnia and Herzegovina, double taxation shall be avoided as follows:

a) Where a resident of a Bosnia and Herzegovina derives income or owns capital which, in accordance with the provisions of this Agreement, may be taxed in the UAE, Bosnia and Herzegovina shall allow:

-as a deduction from the tax on the income of that resident, an amount equal to the tax on income paid in the UAE;

-as a deduction from the tax on the capital of that resident, an amount equal to the tax on capital paid in the UAE.

Such deduction in either case shall not, however, exceed that part of the income tax or capital tax, as computed before the deduction is given, which is attributable, as the case may be, to the income or the capital which may be taxed in the UAE.

b) Where in accordance with any provision of the Agreement income derived or capital owned by a resident of Bosnia and Herzegovina exempt from tax in Bosnia and Herzegovina, Bosnia and Herzegovina may nevertheless, in calculating the amount of tax on the remaining income or capital of such resident, take into account the exempted income or capital.

3. For the purpose of allowance as a credit in a Contracting State the tax paid in the other contracting State shall be deemed to include the tax which is otherwise payable in that other state but has been reduced or waived by that state under its legal provisions for tax incentives.

Article 26
NON-DISCRIMINATION

1. Natiionals 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 residents of that other State in the same circumstances, 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. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, relieves and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

3. Except where the provisions of Article 9, paragraph 6 of Article 11, or paragraph 6 of Article 12 of this Agreement, apply, interest, royalties and other disbursements 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. Similarly, any debts of an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable capital of such enterprise, be

deductible under the same conditions as if they had been contracted 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. The provisions of this Article shall apply to the taxes referred to in Article 2 of this agreement.

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 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 23, to that of the Contracting State of which he is a national. The case must be presented within five years from the first notification of the action resulting in taxation not in accordance with the provisions of the Agreement.

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 the Agreement. 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 the Agreement. They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.

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 Agreement or of the domestic laws 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 Agreement. The exchange of information is not restricted by Article 1 of this Agreement. Any information received 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, or the determination of appeals in relation to the taxes covered by the Agreement 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 of this Article be construed so as to impose on the competent authority of 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 (order public).

Article 29
MEMBERS OF DIPLOMATIC MISSIONS AND CONSULAR POSTS

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

Article 30
ENTRY INTO FORCE

1. This Agreement shall be ratified and the instruments of ratification shall be exchanged.

2. This Agreement shall have effect in the United Arab Emirates or in Bosnia and Herzegovina, as the case may be, with respect to taxes on income and on capital, sixty (60) days after ratification.

Article 31
AMENDMENTS AND TERMINATION

1. This Agreement may be amended at any time after at least one year of its entry into force.

2 . This Agreement shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Agreement, through the diplomatic channels, by giving written notice of termination at least six months before the end of any calendar year after the fifth year from the date of entry into force of the Agreement. In following events, the agreement shall cease to have effect in the United Arab Emirates or in Bosnia and Herzegovina in respect of taxes on income and on capital for each fiscal year beginning on or after the first day of January in the calendar year following that in which the notice of termination has been given;

IN WITNESS whereof the undersigned, being duly authorised thereto, have signed this Agreement.

DONE in Singapore, Monday, on 18/9/2006., in two originals, in Arabic, Bosnian/Croatian/Serbian/ and English languages, all texts been equally authentic. In case of any divergence of interpretation, the English text shall prevail.

