Signed on: 26 June 2007

CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED ARAB EMIRATES AND THE GOVERNMENT OF THE REPUBLIC OF BULGARIA FOR THE AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME

The Government of the United Arab Emirates and the Government of the Republic of Bulgaria desiring to promote and strengthen the economic relations by concluding a Convention for the avoidance of double taxation with respect to taxes on income, have agreed as follows:

CHAPTER I
SCOPE OF THE CONVENTION

Article 1
PERSONAL SCOPE

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

Article 2
TAXES COVERED

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

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

3. The existing taxes to which this Convention shall apply are :
   (a) in the case of the United Arab Emirates:
      (i) income tax;and
      (ii) corporation tax;
      (hereinafter referred to as “U.A.E. tax”);

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(b) in the case of the Republic of Bulgaria
(i) personal income tax; and
(ii) corporate income tax;
(hereinafter referred to as “Bulgarian tax”.

4 This Convention shall also apply to any substantially similar taxes which are imposed by either of the Contracting State after the date of signature of this Convention in addition to, or in place of, the existing taxes referred to in paragraph 2. The competent authorities of the Contracting States shall notify each other of any significant changes which are made in their respective taxation laws.

Chapter II
DEFINITIONS

Article 3
GENERAL DEFINITIONS

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

(a) the terms a “Contracting State“ and “the other Contracting State "mean", as the context requires, the Republic of Bulgaria or the United Arab Emirates;

(b) the term “United Arab Emirates” means the U.A.E and when used in a geographical sense, means the area in which the territory is under its sovereignty as well as the territorial sea, airspace and submarine areas over which the U.A.E exercises, in conformity with international law and the law of U.A.E sovereign rights, including the mainland and islands under its jurisdiction in respect of any activity carried on in connection with the exploration for or the exploitation of the natural resources;

(c) the term Bulgaria means the Republic of Bulgaria and when used in a geographical sense, means the territory and the territorial sea over which it exercises its State sovereignty, as well as the continental shelf and the exclusive economic zone over which it exercises sovereign rights and jurisdiction in conformity with international law.

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(d) the term “tax” means U.A.E tax or Bulgarian tax as the context requires;

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

(f) the term “company “ means any legal person or any entity which is treated as a legal person for tax purposes;

(g) the terms “enterprise of a Contracting State “ and “enterprise of the other Contracting State “ means 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;

(h) the term “ national” means as the text requires:
(i) any induvidual possesing the nationality of a Contracting State; and

(ii) any legal person, partnership or association derving its status as such from the laws in force in a Contracting State;

(i) The term “international traffic” means any transport by a ship, aircraft, railway or road transport vehicle operated by an enterprise of a Contracting State, except when the ship, aircraft, railway or road transport vehicle is operated solely between places in the other Contracting State.

(j) The term “competent authority” means:
(i) in the case of U.A.E, the Minister of Finance and Industry or his authorized representative; and
(ii) in case of Bulgaria, the Minister of Finance or his authorized representative.

2. In the application of this Convention by either of the Contracting States, any term not defined therein shall - unless the context otherwise requires- have the meaning which it has under the laws of that State concerning the taxes to which the Convention applies.

Article 4
RESIDENT

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

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(a) in the case of the Republic of Bulgaria, any person who, under the laws of Bulgaria, 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 includes the state and the local authorities thereof. This term, however, does not include any person who is liable to tax in Bulgaria in respect only of income from sources in Bulgaria;

(b) in the case of the U.A.E, an individual who has his domicile in the U.A.E and is a national of the U.A.E and a company which is incorporated and registred in the U.A.E and has its place of effective management there.

2. For the purposes of paragraph 1 above:

(a) The U.A.E and its political subdivisions, local authorities or local governments shall be deemed to be a resident of the U.A.E;

(b) governmental institutions shall be deemed to be a resident of the U.A.E. Any institution shall be deemed to be a governmental institution when created by the Government for the fulfilment of public functions and which is recognized as such by mutual agreement of the competent authorities of the Contracting States.

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;

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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 it shall be deemed to be a resident of the Contracting State in which its place of incorporation or establishment is situated.

Article 5
PERMANENT ESTABLISHMENT

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

2. The term "permanent establishment "shall include especially :
   (a) a place of management;
   (b) a branch;
   (c) an office;
   (d) a factory;
   (e) a workshop;
   (g) a mine, an oil or gas well, a quarry or any other place of exploration and extraction of natural resources;
   (h) a farm or plantation.

3. The term "permanent establishment" likewise encompasses:

   (a) a building site, a construction, assembly or installation project or supervisory activities in connection therewith, but only where such site, project or activities continue for a period of more than twelve months period;

   (b) the furnishing of services, including consultansy services, by an enterprise of a Contracting State through employees or other personnel in the other Contracting State, provided that such activities continue for the same project or a connected project for a period or periods aggregating more than nine months within any twelve month period;

4. Notwithstanding the provisions of paragraphs 1 to 3, the term "permanent establishment" shall be deemed not to include:

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(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 for 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.

(g) the sale of goods or merchandise belonging to the enterprise displayed in the frame of an occasional temporary fair or exhibition after the closing of the said fair or exhibition, provided that the parties or companies involved fulfill all requirements in either Contracting State.

5. Notwithstanding the provisions of paragraph 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

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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.

CHAPTER III
TAXATION OF INCOME

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 Contracting State.

2. The term "immovable property" shall have the meaning which it has under the laws 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 of this Article shall apply to income derived from the direct use, letting, or use in any other from of immovable property.

4. The provisions of paragraphs 1 and 3 of this Article shall also apply to the income from immovable property of an enterprise and to

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income from immovable property used for the performance of independent personal services.

5. The provisions of this Article shall not apply if the benefecial owner of the income is the Government itself, political subdivisions, local governments, local authorities and their financial institutions and National carriers of air enterprises operating in international traffic.

Article 7
BUSINESS PROFITS

1. The profits of an enterprise of a Contracting State shall only be taxable 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 of this Article where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.This provision is subject to the limitation provided by the internal laws.

4. Insofar as it has been customary in a Contracting State to determine the total income, the cost or 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 of this Article shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary, the method

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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 the permanent establishment of goods or merchandise for the enterprise.

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

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

Article 8
INTERNATIONAL TRAFFIC

1. Notwithstanding the provisions of Article 7, profits derived by an enterprise of a Contracting State from the operation of ships, aircraft, railway and road transport vehicles in international traffic shall be taxable only in that State.

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

3. In this Article:

   (a) the term “profits” includes :

      (i) profits, net profits, gross receipts and revenues derived directly from the operation of ships, aircraft, railway and road transport vehicles in international traffic, and

      (ii) interest on sums generated directly from the operation of ships, aircraft, railway and road transport vehicles in international traffic which is ancillary to such operation;

      (iii) selling of tickets on behalf of other enterprise

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(iv) technical services rendered to a third party in the other Contracting State

(b) the term "operation of ships, aircraft,railway and road transport vehicles" in international traffic by a person, includes:

(i) the charter or rent of ships, aircraft, railway and road transport vehicles

(ii) the rent of containers and related equipment, and

(iii) the alienation of ships, aircraft, railway and road transport vehicles, containers and related equipment

by that person provided that such charter, rent or alienation is ancillary to the operation by the same person of ships, aircraft, railway and road transport vehicles in international traffic.

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

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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, 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 5 per cent of the gross amount of the dividends.

   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 paragraphs 1 and 2 of this Article, dividends paid by a company which is a resident of a Contracting State shall be taxable only in the other Contracting State if the beneficial owner of the dividends is that other State itself, a political subdivision, local government, local authority or the Central Bank thereof, Abu Dhabi Investment Authority, Abu Dhabi Investment Council, International Petroleum Investment Company or any other institution created by the Government, a political subdivision, local authority or a local government of that other State, which is recognised as an integral part of that Government, as shall be agreed by exchange of letters between the competent authorities of the Contracting States.

4. The term "dividends" as used in this Article means income from shares or other rights participating in profits (not being debt-claims), 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 Contracting State of which the company making the distribution is a resident.

5. The provisions of paragraphs 1 and 2 of this Article shall not apply if the beneficial owner of the dividends, being a resident of a Contracting

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State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

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 or fixed base situated in that other State nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

Article 11
INTEREST

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed 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, the tax so charged shall not exceed 2 per cent of the gross amount of the interest.

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, interest paid to a resident of the other Contracting State shall be taxable only in that other Contracting State if the beneficial owner of the interest is the other State itself, a political subdivision, local government, local authority or the Central Bank thereof, Abu Dhabi Investment Authority, Dubai Investment Office, International Petroleum Investment Company, Abu Dhabi Investment Council or any other institution created by the Government, a political subdivision, a local authority or a local government of that other State which is recognised as an integral part of that Government, as shall

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be agreed through exchange of letters between the competent authorities of the Contracting States.

4. The term "interest" as used in this Article means income form 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 the premium and prizes attaching to such securities, bonds or debentures. Penalty charges for late payments shall not be regarded as interest for the purpose of this Article.

5. The provisions of paragraphs 1 and 2 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 and Article 14, as the case may be, shall apply.

6. Interest shall be deemed to arise in a Contracting State when the payer is the Government of that State, a political subdivision, a local authority thereof 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.

7. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of payments shall remain taxable

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according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

8. An entity which is a resident of a Contracting State shall not be entitled to the benefits of this Convention if the main purposes of the creation of such entity was to obtain the benefits of this Convention that would not be otherwise available .The cases of legal entities not having bonafide business activities shall not be covered by this Article.

Article 12
ROYALTIES

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

2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed 5 per cent of the gross amount of royalties.

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, royalties paid to a resident of the other Contracting State shall be taxable only in that other Contracting State if the beneficial owner of the royalties is the other State itself, a political subdivision, local government, local authority or the Central Bank thereof, the Abu Dhabi Investment Authority, Abu Dhabi Investment Council, Dubai Investment Office, International Petroleum Investment Company or any other institution created by the Government, a political subdivision, a local authority, or a local government of that other State which is recognised as an integral part of that Government as shall be agreed through exchange of letters between the competent authorities of the Contracting States.

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 radio or television broadcasting; any patent, trade mark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience.

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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, 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 thereof or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or a fixed base then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment or the 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 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.

Article 13
CAPITAL GAINS

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

2. Gains derived by a resident of a Contracting State from the alienation of shares, deriving their value or the greater part of their value directly

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or indirectly from immovable property situated in the other Contracting State shall be taxable only in the first mentioned 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 or a movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base may be taxed in that other State.

4. Gains from the alienation of ships, aircraft, railway or road transport vehicle, operated by an enterprise of a Contracting State in international traffic and movable property pertaining to the operation of the mentioned means of transport shall be taxable only in that Contracting State.

5. Gains from the alienation of any property other than that referred to in paragraphs 1 to 4, 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 he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities. If he has such a fixed base, the income may be taxed in the other State but only so much of it as is attributable to that fixed base.

2. The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants

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Article 15
INCOME FROM EMPLOYMENT

1. Subject to the provisions of Articles 16, 17, 18, 19 and 20 of this Convention, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised , such remuneration as is derived therefrom may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1 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 Contracting State for a period or periods not exceeding in the aggregate 183 days in the fiscal year concerned, and
   (b) the remuneration is paid by, or on behalf of, an employer, who is not a resident of the other Contracting State, and
   (c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other Contracting State.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship, aircraft, railway or road transport vehicle, operated in international traffic shall be taxable only in the Contracting State of which the enterprise operating the ship, aircraft, railway or road transport vehicle, is a resident, including the salaries and wages of ground staff who are not nationals of the host State.

Article 16
TEACHERS AND RESEARCHERS

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 a resident of the other Contracting State, shall be exempt from tax in the first-mentioned State on any remuneration for such teaching or research for a period not exceeding two years from the date of his first visit to that State for that purpose,

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provided that such remuneration is derived by him from outside that State.

2. The provision of the foregoing paragraph shall not apply to income from research if such activities are undertaken by the individual not in the public interest but primarily for the private benefit of some person or persons.

Article 17
STUDENTS

1. Payments which a student or 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, a student or 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 which he is visiting.

Article 18
DIRECTORS' FEES

Directors' fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors or any similar organ of a company which is a resident of the other Contracting State may be taxed in that other State.

Article 19
PENSIONS AND ANNUITIES

1. Subject to the provisions of paragraph 2 of Article 20, pensions and other similar remuneration in consideration of past employment, and annuities, paid to a resident of a Contracting State shall be taxable only in that State.

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2. Notwithstanding the provisions of paragraph 1, pensions paid and other similar payments made under a public scheme which is part of the social security system of a Contracting State shall be taxable only in that State.

3. The term "annuity" means a stated sum payable periodically at stated times during life or during a specified or ascertainable period of time under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

Article 20
GOVERNMENT SERVICES

1. (a) 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) Notwithstanding the provisions of sub-paragraph a) of this paragraph, such 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) 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) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, 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, 18, 19 and 21 of this Convention shall apply to remuneration and pensions 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.

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4. The provisions of paragraph 1 of this Article shall likewise apply in respect of remuneration paid by , or out of funds created by, a Contracting State or a political subdidvision or local autority there of to a specialist seconded to the other Contracting State under a development assistance Convention concluded between the Contracting States.

Article 21
ARTISTES AND SPORTSMEN

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as an entertainer, such as a theater, motion picture, radio or television artiste, or a musician, or as an 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 an 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, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article income derived from such activities performed within the frame work of cultural Conventions concluded between the Contracting States are reciprocally exempted from tax only if such activities are sponsored by the Government of a Contracting State or financed by public fund of both Contracting States and the activities are not carried out for the purpose of profits.

Article 22
OTHER INCOME

1. Items of income of a resident of a Contracting State, which are not expressly mentioned in the foregoing Articles of this Convention 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

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6, if the beneficial owner 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 from 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 or Article 14, as the case may be, shall apply.

Article 23
SPECIAL EXEMPTIONS

Without prejudice to the provisions of Articles 5 to 7 any profit derived by a Contracting State, its political subdivisions, local governments, local authorities and their financial institutions arising in the other Contracting State, including gains from the alienation of movable and immovable property situated in that other State, shall be taxable only in the first mentioned State.

Article 24
REFUNDS

Claims for refund, that shall be produced within the time limit fixed by the law of the Contracting State which is obliged to carry out the refund, shall be accompanied by an official certificate of the Contracting State of which the taxpayer is a resident, certifying the existence of the conditions required for being entitled to the application of the allowances provided for by this Convention.

CHAPTER IV
METHODS OF ELIMINATION OF DOUBLE TAXATION

Article 25
ELIMINATION OF DOUBLE TAXATION

1. In the U.A.E double taxation shall be eliminated as follows:
   (a) Where a resident of the U.A.E derives income which, in accordance with the provisions of this Convention, may be taxed in Bulgaria, the

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U.A.E shall allowas a deduction from the tax on the income of that resident, an amount equal to the income tax paid in Bulgaria.

(b) Such deduction in either case shall not, however, exceed that part of the income tax, as computed before the deduction is given, which is attributable, as the case may be, to the income which may be taxed in the U.A.E.

2. In Bulgaria double taxation shall be eliminated as follows:

(a) where a resident of Bulgaria derives income which in accordance with the provisions of this Convention may be taxed in the U.A.E, Bulgaria shall subject to the provisions of subparagraphs (b) and (c) of this paragraph, exempt such income from tax;

(b) where a resident of Bulgaria derives dividends, interest or royalties which in accordance with the provisions of Articles 10, 11 or 12 of this Convention may be taxed in the U.A.E, Bulgaria shall allow as a deduction from the tax on the dividends, interest or royalties of that resident an amount equal to the tax paid in the U.A.E Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable to such dividends, interest or royalties derived from the U.A.E.

(c) where in accordance with any provision of this Convention income derived by a resident of Bulgaria is exempt from tax in Bulgaria, Bulgaria may nevertheless, in calculating the amount of the tax on the remaining income of such resident, take into account the exempted income.

CHAPTER V
SPECIAL PROVISIONS

Article 26
NON - DISCRIMINATION

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

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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 paragraph 1 of Article 9, paragraph 7 of Article 11 or paragraph 7 of Article 12, 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

4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.

Article 27
MUTUAL AGREMMENT 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 26, 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.

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

4. The competent authorities of the 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 foreseeably relevant for carrying out the provisions of this Convention or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their 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 1by 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 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.

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3. In no case shall the provisions of paragraph 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 (ordre public).

CHAPTER VI
FINAL PROVISIONS

Article 29
MEMBERS OF DIPLOMATIC MISSIONS AND CONSULAR POSTS

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

Article 30
ENTRY INTO FORCE

1. This Convention shall be ratified. The Contracting States shall notify each other in writing that their constitutional requirements for entry into force of this Convention have been fulfilled.

2. The Convention shall enter into force on the date of the latter of the notifications referred to in paragraph 1 and its provisions shall apply:

(i) in respect of taxes withheld at source to amounts of income, derived on or after 1 of January in the calendar year in which the Convention enters into force; and

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(ii) in respect of other taxes on income, to such taxes chargeable for any taxable year beginning on or after 1 January in the calendar year in which the Convention enters into force.

Article 31
TERMINATION

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 following after the period of five years from the date on which the Convention enters into force. In such event, the Convention shall cease to have effect:

(i) in respect of taxes withheld at source, to amounts of income derived on or after 1 January in the calendar year next following the year in which the notice is given; and

(ii) in respect of other taxes on income, to such taxes chargeable for any taxable year beginning on or after 1 January in the calendar year next 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 Republic of Bulgaria and the Government of the United Arab Emirates for the avoidance of double taxation with respect to taxes on income, the undersigned have agreed that the following provisions shall form an integral part of the Convention:

1. With reference to Article 4 "Resident" it is understood, that governmental institutions of the United Arab Emirates within the meaning of paragraph 2 shall include the following types of entities created under public law which are wholly owned and controlled by the United Arab Emirates, local governments, political subdivisions or local authorities :
    - The Central Bank;
    - Abu Dhabi Investment Authority;
    - Abu Dhabi Investment Council;
    - International Petroleum Investment Company;
    - Dubai Investment Office;
    - Government agencies;
    - Development funds; and
    - Directly or indirectly wholly owned entities of the above.

Subject to the provisions of sub-paragraph (c) of paragraph 2, further institutions shall be recognized as governmental institutions through exchange of letters.

2. Under the conditions of Article 5 "Permanent Establishment ", paragraph 1 it is understood that an enterprise of a Contracting State as regards its activities in connection with natural resources in the other Contracting State shall be deemed to be carrying such activities through a permanent establishment in the other Contracting State.

3. Under the conditions of Article 7 "Business Profits", it is understood that the principle of arm's length is applied.

4. With respect to Article 10 "Dividends", paragraph 3, it is understood that paragraph 2 shall not apply if the beneficial owner of the dividends is the Government itself, local governments, local authorities and their financial institutions.

5. With respect to Article 11 "Interest", paragraph 3 it is understood that paragraph 2 shall not apply if the beneficial owner of the dividends is the Government itself, local governments, local authorities and their financial institutions.

6. With respect to Article 13 "Capital Gains", paragraph 2 it is understood that gains derived by a resident of a Contracting State from the alienation of shares

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or comparable interests from immovable property situated in the other Contracting State shall be taxable only in the first mentioned State.

7. With respect to Article 26 "Non Discrimination", paragraph 2 it is understood that this paragraph shall not apply to the wholly owned by the Government institutions that carry the same activities in the same circumstances and under the same conditions.

8. With respect to Article 26 "Non Discrimination", 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 benefits 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.

9. Nothing in this Convention shall affect the right of either Contracting State, political subdivision, local governments or local authority thereof , to apply its own laws and regulations related to the taxation of income and profits derived from hydrocarbons and natural resources.

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