Signed on: 3 October 2017

CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED ARAB EMIRATES AND THE REPUBLIC OF COSTA RICA FOR THE ELIMINATION OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL GAINS AND THE PREVENTION OF TAX EVASION AND AVOIDANCE

The Government of the United Arab Emirates and the Republic of Costa Rica;

With the desire to enhance their economic relations and to strengthen their cooperation in tax matters and with the intention of eliminating double taxation in relation to the taxes covered by this Convention without generating opportunities for treaty-shopping arrangements aimed at obtaining reliefs provided in this Convention for the indirect benefit of residents of third States.

Have agreed on the following:

ARTICLE 1

PERSONS COVERED

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 and capital gains imposed on behalf of a Contracting States, respective of the manner in which they are levied.
2. There shall be regarded as taxes on income and on capital gains all taxes imposed on total income, on total capital gains, or on elements of

income or of capital gains, including taxes on gains from the alienation of movable or immovable property, and taxes on the total amount of wages or salaries paid by enterprises.

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

    a) in Costa Rica:

        i. taxes on income

        ii. taxes on capital gains

(hereinafter referred to as "Costa Rican tax");

    b) in case of United Arab Emirates:

        i. taxes on income

        ii. corporate tax

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

4. The Convention shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes which have been made in their respective taxation laws and which have an impact on their obligations under the Convention.

ARTICLE 3

GENERAL DEFINITIONS

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

    a) the term "Costa Rica" means the Republic of Costa Rica and, when used in a geographical sense means, the territory and the air space and the sea areas, including the subsoil and the seabed

adjacent to the external boundary of the territorial sea, over which Costa Rica exercise or may exercise, in accordance with international law and its domestic legislation, sovereign rights with respect to the natural resources of these areas;

b) the term "United Arab Emirates" means the United Arab Emirates and, when used in a geographical sense, means the territory of the United Arab Emirates which is under its sovereignty as well as the area outside the territorial water, airspace and submarine areas over which the United Arab Emirates exercises, sovereign and jurisdictional rights in respect of any activity carried on in its water, sea bed, subsoil, in connection with the exploration or for the exploitation of natural resources by virtue of its law and International Law;

c) the terms "a Contracting State" and "the other Contracting State" means Costa Rica or United Arab Emirates, as the context requires;

d) the term "person" includes an individual, a company and any other body of persons;

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

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

g) the term "competent authority" means

i. in Costa Rica: the Director-General of the Tax Administration or an authorized representative;

ii. in case of United Arab Emirates: the Minister of State for Financial Affairs, or his authorized representative;

h) the term “national” in relation to a Contracting State means:

i. any individual possessing the nationality or citizenship of a Contracting State;

ii. any legal person or body of persons constituted in accordance with the legislation in force in that Contracting State.

2. As regards the application of the Convention at any time by a Contracting State, any term or expression 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 Convention applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.

ARTICLE 4

RESIDENT

1. For the purposes of this Convention, the term “resident of a Contracting State”:

a) In the case of the Republic of Costa Rica, means any person who, under the laws of Costa Rica is liable to tax therein by reason of the person's domicile, residence, place of management, place of incorporation or any other criterion of a similar nature, and also includes Costa Rica. This term, however, does not include any person who is liable to tax in Costa Rica in respect only of income from sources in that State or capital gains situated therein.

b) in the case of the United Arab Emirates:

i. an individual who under the laws of the United Arab Emirates or of any political subdivision or local government thereof is a national;

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

iii. for the purposes of this Article the term "resident" also includes:

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

b) any person other than an individual wholly owned directly or indirectly by a Contracting State or any political subdivision or local government or local authority thereof;

c) a qualified government entity;

d) pension funds; and

e) charities or religious, educational and cultural organizations.

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

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

b) if the State in which the individual has the centre of vital interests cannot be determined, or if there is not a permanent home available to the individual in either State, the individual shall be deemed to be a resident only of the State in which the individual has an habitual abode;

c) if the individual has an habitual abode in both States or in neither of them, the individual shall be deemed to be a resident only of the State of which the individual is a national;

d) If the individual is a national of both States or ofneither of them, the com petent authoritisof 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 in both States, the competent authorities of the Contracting Jurisdictions shall endeavour to solve the issue by mutual agreement, having regard to its domicile, residency, place of effective management of the company, the place where it is incorporated or otherwise constituted and any other relevant factor.

ARTICLE 5

PERMANENT ESTABLISHMENT

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

2. The term "permanent establishment" includes especially:
a) a place of management or administration;

b) a branch;

c) an Office;

d) a factory;

e) a workshop;

f) mine, oil or gas well, a quarry or any other place of exploration and/or exploitation of natural resources.

3. A building site or construction project, assembly or installation project and the supervisory or advisory activity in connection therewith constitutes a permanent establishment, but only when the duration of such works, projects or activities last more than six months.

4. For the purposes of determining the time limits in paragraph 3, the projects or activities carried on at a place that constitutes a building site, construction project, assembly or installation project, or supervisory or consultancy activities, in connection with the same building site, construction, assembly or installation project shall be aggregated with the period of six months during which the activities are performed by the closely related company only if the activities of both companies are identical or similar.

5. Notwithstanding the preceding provisions of this Article, the term ``permanent establishment'' shall be deemed not to include:

a) the use of facilities solely for purpose of storage or display 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 or display such goods or merchandise;
c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;
e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity;
f) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs a) to e),

provided that such activity or, in the of subparagraph f, the overall

activity of the fixed place of business, is of a preparatory or auxiliary character.

6. Paragraph 5 shall not apply to a fixed place of business that is used or maintained by an enterprise if the same enterprise or a closely related enterprise carries on business activities at the same place or at another place in the same Contracting State and:
a) that place or other place constitutes a permanent establishment for the enterprise or the closely related enterprise under the provisions of this Article, or
b) the overall activity resulting from the combination of the activities carried on by the two enterprises at the same place, or by the same enterprise or closely related enterprises at the two places, is not of a preparatory or auxiliary character.

7. Notwithstanding the provisions of paragraphs 1 and 2, but subject to the provisions of paragraph 9, where a person is acting in a Contracting State on behalf of an enterprise and, in doing so, habitually concludes contracts, or habitually plays the principal role leading to the conclusion of contracts that are routinely concluded without material modification by the enterprise, and these contracts are
a) in the name of the enterprise, or
b) for the transfer of the ownership of, or for the granting of the right to use, property owned by that enterprise or that the enterprise has the right to use, or
c) for the provision of services by that 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 5 which, if exercised through a fixed place of business (other than a fixed place of business to which paragraph 6 would apply), would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

8. Notwithstanding the preceding provisions of this Article, an insurance enterprise of a Contracting State shall, except in regard to re-insurance, be deemed to have a permanent establishment in the other Contracting State if it collects premiums in the territory of that other State or insures risks situated therein through a person other than an agent of an independent status to whom paragraph 7 applies.

9. Provisions of Paragraph 7 shall not apply where the person acting in a Contracting State on behalf of an enterprise of the other Contracting State carries on business in the first-mentioned State as an independent agent and acts for the enterprise in the ordinary course of that business. Where, however, a person acts exclusively or almost exclusively on behalf of one or more enterprises to which it is closely related, that person shall not be considered to be an independent agent within the meaning of this paragraph with respect to any such enterprise.

10. 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, forestry or silviculture) situated in the other Contracting State may be taxed in that other State.

2. The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question

is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to receive fixed or variable payments in consideration for the exploitation or concession of exploration and/or exploitation of mineral deposits, sources and other natural resources. Ships and aircraft shall not be regarded immovable property.

3. The provisions of paragraph 1 shall also apply to income derived from the direct use, letting or use, in any other form of exploration and / or exploitation of immovable property, including the use and enjoyment of timeshare.

4. The provisions of paragraphs 1 and 3 shall also 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. In that case, such benefits may be taxed in the other State, but only in the part attributable to:

a) that permanent establishment;

b) sales in that other State of goods or merchandise of the same or similar kind as those sold through 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.

3. In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the business of the permanent establishment including executive and general administrative expenses for the same purposes, whether incurred in the State in which the permanent establishment is situated or elsewhere. However, no such deduction shall be allowed in respect of amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission, for specific services performed or for management, or, except in the case of a banking enterprise, by way of interest on moneys lent to the permanent establishment. Likewise, no account shall be taken, in the determination of the profits of a permanent establishment, for amounts charged (otherwise than towards reimbursement of actual expenses), by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission for specific services performed or for management, or, except in the case of a banking enterprise, by way of interest on moneys lent to the head office of the enterprise or any of its other offices.

4. In so far as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; however the method of apportionment adopted shall 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 Convention, the provisions of those Articles shall not be affected by the provisions of this Article.

ARTICLE 8
SHIPPING,
AND AIR TRANSPORT

1. Profits derived by a resident of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that State.
2. For the purposes of this article, profits generated from the operation of ships or aircraft in international traffic shall include:
a) profits derived from the rent of ships or aircrafts in an empty hull;
b) selling of tickets on behalf of another enterprise; and
c) income and capital gains derived from bank deposits, state bonds, sovereign funds, shares directly connected with the operation of ships or aircrafts in international traffic, if they are state investors integral to the carrying on of such business.
3. The provisions of paragraphs 1 and 2 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

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 between the two enterprises bound by accepted or imposed conditions which differ from those which would be agreed by independent enterprises, the profits that would have been obtained by one of the enterprises in the absence of such conditions and which in fact have not been realized because of the same, may be included in the profits of that enterprise and be taxed accordingly.

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

3. The provisions of paragraph 2 shall not apply where judicial, administrative or other legal proceedings have resulted in a final ruling that by actions giving rise to an adjustment of profits under paragraph 1, one of the enterprises concerned is liable to penalty with respect to fraud, gross negligence or willful default.

ARTICLE 10
DIVIDENDS

1. Dividends paid by a company of a Contracting State to a resident of the other Contracting State may be taxed in that other State.
2. However, dividends paid by a company which is a resident of a Contracting State may also be taxed in that State 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) 5 per cent gross amount of the dividends if the beneficial owner is a company (excluded the groups of persons) that possess directly at least 20 per cent of the capital of the company that pays the dividends; if the described conditions in these provisions are met during a period of 365 days that comprehend the day of the payment of the dividends (in order to calculate this period, will not be considered changes in the property that could derive directly from an entrepreneurial reorganization, as for example for a fusion or split, of the owner company of the shares or that pays the dividends.

b) 15 per cent of the gross amount of the dividends in the other cases.

The provisions of the present paragraph do not affect the taxation of the company related of the other benefits from which the dividends are paid.

3. Notwithstanding the provisions of paragraph 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 is that State itself, a political subdivision, local government, the Central

Bank, a pension fund, or a qualified government entity which is wholly owned directly or indirectly, by the federal or local government, a political subdivision, and local authority thereof.

4. The term "dividends", used in this Article, means income from shares, enjoyment rights or enjoyment shares, mining shares, founder shares or other rights, not being debt claims, that allow to participate in the profits, as well as the income of other rights which is subjected to the same taxation treatment as the income of the shares by the law of the State of residence of the company making the distribution.

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 or Article 14 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 who is the beneficial owner of the dividends 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
INTERESTS

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

   a) 5 per cent of the gross amount of the interest if the maturity of the loan is at least five years.

   b) 10 per cent of the gross amount of the interest if the maturity of the loan is less than five years.
3. Notwithstanding the provisions of paragraph 1 and 2 of this Article, interest paid by a resident of a Contracting State to a resident of the other Contracting State shall be taxable only in that other State if the beneficial owner is that State itself, a political subdivision, local government, the Central Bank, a pension fund, or a qualified government entity which is wholly owned directly or indirectly, by the federal or local government, a political subdivision and local authority thereof.
4. 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, as well as any other income assimilated to the yields of the amounts borrowed under the legislation of the Contracting State from which the income originates, such as those arising from financial leasing and factoring contracts. The term "interest" does not include income considered as dividends in

accordance with paragraph 3 of Article 10. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.

5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, 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 (a) such permanent establishment or fixed base, or with (b) business activities referred to in (c) of paragraph 1 of Article 7. In such cases the provisions of Article 7 or Article 14, as the case may be, shall apply.
6. Interest shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the State in which the permanent establishment is situated.
7. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, 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 Convention.

ARTICLE 12

ROYALTIES

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

2. 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 12 per cent of the gross amount of the royalties

3. The term "royalties" as used in this Article means payments of any kind received as a consideration for

a) the use of, or the right to use, any copyright, trade mark, design or model, plan, secret formula or process.
b) the use of, or the right to use of any industrial, commercial or scientific equipment.
c) the exchange of information related to industrial, commercial and scientific experiences.
d) the use of, or the concession to use, any copyright of literary, artistic or scientific work including cinematograph films, movies or films related to television or radio.
e) the reception or right to receive visuals or sounds or both aiming to transmit them via satellite, cable, optical fiber or similar technologies.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise through a permanent establishment situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is a resident of that State. However, where the person paying the royalties, whether or not that person is resident in a Contracting State, has in a Contracting State a permanent establishment in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the State in which the permanent establishment is situated.

6. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

ARTICLE 13

CAPITAL GAINS

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

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State, including such gains derived from the alienation of such a permanent establishment (alone or with the whole enterprise) may be taxed in that other State.

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

4. Gains derived by a resident of a Contracting State from the alienation of shares or comparable interests, such as interests in an entity, or a trust, may be taxed in the other Contracting State if, at any time during the period of 365 days preceding the alienation, these shares or comparable interests derived more 50 per cent of their value directly or indirectly from immovable property, as defined in Article 6, situated in that other contracting State, unless the relevant class of the shares or comparable interests is traded on a recognized stock exchange.
5. Gains from the alienation of any property, other than those mentioned in the previous paragraphs, shall be taxable only in the Contracting State of which the alienator is 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 performed in the other Contracting State shall be taxable in that other State, but the tax so charged shall not exceed 10 per cent of the gross amount received from those services or activities.
2. The term “professional services” includes, such as technical, financial and administrative consultancy, the independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of professionals, such as physicians, lawyers, engineers, architects, dentists and accountants.

ARTICLE 15

DEPENDENT PERSONAL SERVICES

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

employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

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

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

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

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

ARTICLE 17

ENTERTAINERS AND SPORTSPERSONS

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a

sportsperson, from that resident's personal activities as such exercised in the other Contracting State, may be taxed in that other State.

2. Where income in respect of personal activities exercised by an entertainer or a sportsperson acting as such accrues not to the entertainer or sportsperson 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 sportsperson are exercised.
3. The provisions of paragraphs 1 and 2 shall not apply to income derived by entertains or sportspersons who are residents of a Contracting State from personal activities as such exercised in the other Contracting State if the visit to that other Contracting State is organized and supported, totally or substantially, by a Contracting State, including those of any political subdivision, a local authority or statutory body thereof.

ARTICLE 18

PENSIONS

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

ARTICLE 19

GOVERNMENT SERVICE

1. a) Salaries, wages and other similar remuneration paid by a Contracting State to an individual in respect of services rendered to that State 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 other State and the individual is a resident of that State who:

i. is a national of that State or

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

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

b) However, such pensions, and other similar remunerations 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, 17 or 18 shall apply to salaries, wages, pensions and other similar remuneration in respect of services rendered in connection with a business carried on by a Contracting State.

ARTICLE 20

STUDENTS

Payments which a student or business trainee 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.

ARTICLE 21

OTHER INCOME

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

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

which the income is paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

ARTICLE 22

ELIMINATION OF DOUBLE TAXATION

1. Where a resident of a Contracting State derives income or capital gains which, may be taxed in the other Contracting State in accordance with the provisions of this Convention (except to the extent that these provisions allow taxation by that other State solely because the income or capital gains is derived by a resident of that State), that State shall allow a deduction from the tax on the income or capital gains of that resident, an amount equal to the income or capital gains tax paid in the other State;

Such deduction in either case shall not, however, exceed that part of the income tax or capital gains 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 other State.

2. Where in accordance with any provision of this Convention income or capital gains derived by a resident of a Contracting State is exempt from tax in that Contracting State, such Contracting State may nevertheless, in calculating the amount of tax on the remaining income or capital gains of such resident, take into account the exempted income or capital gains.

ARTICLE 23

NON-DISCRIMINATION

1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances, in particular with respect to residence, are or may be subjected. This provision shall, notwithstanding the provisions of Article 1, also

apply to persons who are not residents of one or both of the Contracting States.

2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favorably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs 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 6 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. 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, notwithstanding the provisions of Article 2, apply to taxes covered by this Convention.

ARTICLE 24

MISCELLANEOUS RULES

The provisions of this Convention shall not be construed to restrict in any manner any exclusion, exemption, deduction, credit, or other allowance now or hereafter accorded:

a) by the laws of a Contracting State in the determination of the tax imposed by that Contracting State;
b) by any other special arrangement on taxation between the Contracting States or between one of the Contracting States and residents of the other Contracting State.

ARTICLE 25

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 either Contracting State. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Convention.
2. The competent authority shall endeavor, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation 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 endeavor 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 agreement in the sense of the preceding paragraphs. When it is considered that such agreement may be facilitated by an oral exchange of opinions, such exchange may take place through a joint commission consisting of themselves or their representatives.

ARTICLE 26

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 insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Articles 1 and 2.
2. Any information received under paragraph 1 by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions. Notwithstanding the foregoing, information received by a Contracting State may be used for other purposes when such information may be used for such other purposes under the laws of both

States and the competent authority of the supplying State authorizes such use.

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

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

b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;

c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information the disclosure of which would be contrary to public policy (ordre public).

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

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

ARTICLE 27

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 agreements.

ARTICLE 28

ENTITLEMENT OF BENEFITS

1. An entity or a natural person which is a resident of a Contracting State shall not be entitled to the benefits of this Agreement if according to all relevant facts and circumstances the main purpose or one of the main purposes of the creation of such entity or transaction was to obtain the benefits of this agreement that would not be otherwise available. This Article shall apply to all cases of legal entities not having bona fide business activities.

2. Where a benefit under this Convention is denied to a person under paragraph 1, the competent authority of the Contracting State that would otherwise have granted this benefit shall nevertheless treat that person as being entitled to this benefit, or to different benefits with respect to a specific item of income or capital gains, if such competent authority, upon request from that person and after consideration of the relevant facts and circumstances, determines that such benefits would have been granted to that person, or to another person, in the absence of such business activities referred to in paragraph 1. The competent authority of the Contracting State to which the request has been made will consult with the competent authority of the other State before rejecting a request made under this paragraph by a resident of that other State.

ARTICLE 29

ENTRY INTO FORCE

1. Each Contracting State shall notify to the other, through diplomatic channels or by letter of the Competent Authorities, the completion of the procedures required by its law for the bringing into force of this Convention.

2. The Convention shall enter into force thirty days after the date of receipt of the latter of these notifications and its provisions shall have effect in both Contracting States:

a) in respect of taxes withheld at source to income paid or credited on or after the first day of January of the calendar year next following the entry into force of the Convention;
b) in respect of other taxes, for any taxable year beginning on or after the first day of January of the calendar year next following that in which the Convention enters into force.

ARTICLE 30

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 beginning after the expiry of five years from the date of entry into force of the Convention. In such event, the Convention shall cease to have effect:

a) in respect of taxes withheld at source on income paid or credited on or after the first day of January of the calendar
year next following that in which notice of termination is given; and

b) in respect of other taxes for taxable years beginning on or after the first day of January of the calendar year next following that in which notice of termination is given.

Protocol

At the time of signing the Convention between the Government of the United Arab Emirates and the Government of the Republic of Costa Rica for the Elimination of Double Taxation with Respect to Taxes on Income and on Capital Gains and the Prevention of Tax Evasion and Avoidance, the undersigned being duly authorized thereto have agreed upon the following provisions which shall be an integral part of this Agreement:

1. with reference to the Convention as a whole, it is understood that:

   a) Notwithstanding any other provision of this convention nothing shall affect the right of either one of the Contracting States, or of any of their local Governments or local authorities thereof to apply their domestic laws and regulations related to the taxation of income and gains derived from natural resources, situated in the territory of the respective Contracting State, as the case may be.

2. With respect to paragraph 3 of Article 4, paragraph 3 of Article 10, and paragraph 3 of Article 11, the terms "qualified government entity" and "pension fund" shall include the following entities:

   a) in the case of the United Arab Emirates:

   i. Abu Dhabi Investment Authority**;**
   ii. Abu Dhabi Investment Council**;**
   iii. Mubadala Investment Company (Mubadala)**;**
   iv. Dubai World**;**
   v. Investment Corporation of Dubai (ICD)**;**
   vi. Emirates Investment Authority**;**

vii. International Petroleum Investment Company (IPIC), and its successors and assignees **;**

viii. Abu Dhabi Retirement Pensions and Benefits Fund;

ix. General Pension and Social Security Authority; and

x. any other entity the capital of which is wholly owned directly or indirectly, by the federal or local Governments of the United Arab Emirates, including a political subdivision, local government and local authority thereof as shall be exchanged from time to time between the Governments of the Contracting States through notifications by the competent authorities.

b) in the case of the Republic of Costa Rica any entity the capital of which is wholly owned directly or indirectly, by the Government of the Republic of Costa Rica, as shall be exchanged from time to time between the Governments of the Contracting States through notifications by the competent authorities.

3. With respect to paragraph 4 of Article 13 of the Convention, it is understood that the term "recognized stock exchange" means:

i. In the case of the United Arab Emirates:
(a) Dubai Financial Market;
(b) Abu Dhabi Global Market;
(c) Abu Dhabi Securities Exchange;
(d) Nasdaq Dubai;
(e) Dubai Financial Market,
(f) Dubai Gold and Commodities Exchange; and
(g) Any successors thereto, and any other United Arab Emirates securities or commodities exchange recognized under the laws of the United Arab Emirates.

ii. In the case of the Republic of Costa Rica: any securities or commodities exchange recognized under the laws of Republic of Costa Rica

4. With reference to the final sentence of paragraph 2 of Article 26 of this Convention it is understood that:

- The "other purposes" shall accord with an existing international agreement or protocol to which both Contracting States are party relating to mutual legal assistance;

- In seeking the authorization of the competent authority of the supplying State, the requesting State shall specify the other non-tax purposes for which it wishes to use the information;

- The requesting State shall identify the legal agencies or judicial authorities with whom it will share the information; and

- It will be necessary to obtain the prior consent of the authority of the supplying State which signed the agreement or protocol in accordance with which the information will be used.