Signed on: 9 November 2016

AGREEMENT BETWEEN THE GOVERNMENT OF THE UNITED ARAB EMIRATES AND THE GOVERNMENT OF THE REPUBLIC OF ECUADOR FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The Government of the Republic of Ecuador and the Government of the United Arab Emirates,

Desiring to promote their mutual economic relations through the conclusion between them of an agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income
Have agreed as follows:

CHAPTER I
SCOPE OF THE AGREEMENT

ARTICLE 1
PERSONS COVERED

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

ARTICLE 2
TAXES COVERED

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

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

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

a) in Ecuador:

(i) the income tax of individuals;
(ii) the income tax of societies and other similar entities, (hereinafter referred as "Ecuadorian Tax"); and

b) in United Arab Emirates:
(i) the income tax;
(ii) the corporate tax, (hereinafter referred to as "UAE tax").

4. The Agreement shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of this Agreement in addition to, or in place of, the existing taxes. The competent

authorities of the Contracting States shall notify each other by the end of each year of any substantial changes, which have been made in their respective taxation laws.

ARTICLE 3
INCOME FROM HYDROCARBONS

Notwithstanding any other provision of this Agreement 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 profits derived from hydrocarbons situated in the territory of the respective Contracting State, as the case may be.

CHAPTER II
DEFINITIONS

ARTICLE 4
GENERAL DEFINITIONS

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

a) the term "Ecuador" refers to the Republic of Ecuador. This term, when used in a geographical sense, means its national territory, including the territorial sea thereof, subsoil and other territories over which Ecuador exercises sovereignty, sovereign rights or jurisdiction in accordance with its local and international laws;

b) the term "United Arab Emirates" 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 for or the exploitation of natural resources by virtue of its law and international law.

c) The expressions "a State", "a Contracting State" and "the other Contracting State" mean, as the context requires so, Ecuador or the United Arab Emirates;

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

e) The term "company" means any juridical person or entity that -according to the domestic law- is treated as juridical person for tax purposes;

f) The terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;

g) The term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;

h) The term "tax" means the Ecuadorian tax or the United Arab Emirates tax, as the context requires;

i) The term "competent authority" means:

i) in the case of Ecuador, the General Director of the Internal Revenue Service (Servicio de Rentas Internas);

ii) in the case of the United Arab Emirates: the Minister of Finance or his authorized representative;

j) The term "national" means:

i) any individual possessing the nationality of a Contracting State; or
ii) any legal person or association deriving its status as such from the laws in force in a Contracting State.

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

ARTICLE 5
RESIDENT

1. For the purposes of this Agreement, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management, place of incorporation or any other criterion of a similar nature, and also includes that State and any political subdivision or local authority thereof. This term, however, does not include any person who is liable to tax in that State in respect only of income from sources in that State.

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

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

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

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

(d) If he is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident only of the State of which it is a national. If it is

a national of both Contracting States, they shall endeavor to settle the question through a mutual agreement procedure.

ARTICLE 6
PERMANENT ESTABLISHMENT

1. For the purposes of this Agreement, the term "permanent establishment" means a fixed place through which an enterprise of a Contracting State wholly or partly carries on the business in the other Contracting State.

2. The term "permanent establishment" includes especially:
   a) a place of management;
   b) a branch;
   c) an office;
   d) a factory;
   e) a workshop, and
   f) a mine, an oil or gas well, a quarry or any other place of exploration, extraction or exploitation of natural resources or any activities related thereof.

3. A building site or construction or installation project or supervisory activities in connection therewith constitutes a permanent establishment only if it lasts more than 6 months.

4. Notwithstanding the preceding provisions of this Article, the term "permanent establishment" shall be deemed not to include:
   a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
   b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
   c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
   d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;
   e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;
   f) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs a) to e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

5. Notwithstanding the provisions of paragraphs 1 and 2, where a person -other than an agent of an independent status to whom paragraph 6 applies- is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

6. An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that State through a broker, general commission agent or any other

agent of an independent status, provided that such persons are acting in the ordinary course of their business.

7. 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 6 applies.

8. 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 7
INCOME FROM IMMOVABLE PROPERTY

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

2. The term "immovable property" shall have the meaning which it has under the 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, mineral, oil and forestry exploitations, 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 aircrafts shall not be regarded as immovable property.

3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, tenancy or use in any other form of immovable property.

4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

ARTICLE 8
BUSINESS PROFITS

1. 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 such case, the business profits of the enterprise may be taxed in the other State but only so much of them as are attributable to: a) that permanent establishment; or b) sales in that other State of goods or merchandise of the same or similar kind as those sold through that permanent establishment; or c) other business activities carried on in that other State of the same or similar kind as those effected 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 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 including executive and general administrative expenses, insofar as they are incurred for the purposes of the permanent establishment, whether incurred in the State in which the permanent establishment is situated or elsewhere, only if the domestic legislation of the Contracting State where the establishment is located, consider such expenses as deductible.

The Contracting State where the permanent establishment is located shall recognize its expenses if it complies with the formal requirements set out in the domestic laws of that Contracting State.

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

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

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

ARTICLE 9
SHIPPING AND AIR TRANSPORT

Notwithstanding the provisions of Article 8 of this Agreement:

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

2. For the purposes of this Article the term “profits” includes:

a) profits from the rental on a bareboat basis of ships or aircraft;

b) profits from the use, maintenance or rental of containers, including trailers and related equipment for the transport of containers, used for the transport of goods or merchandise.

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

a) the participation in a pool, a joint business or an international operating agency;
b) selling of tickets on behalf of another enterprise provided that such sales are directly connected with voyages aboard ships or aircraft that the enterprise operates or incidental to its own sales;

c) income deriving from bank deposits, bonds, shares, stocks and other debentures provided that such activities are incidental to the operation of airlines.

ARTICLE 10
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,
b) decisions are taken by boards composed primarily of the same members in an enterprise of a Contracting State and an enterprise of the other Contracting State,
c) the same group of members, partners or shareholders 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,
d) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

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

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

ARTICLE 11
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. However, if the recipient is the resident of the other Contracting State and the beneficial owner of the dividends the tax so charged shall not exceed 10 per cent of the gross amount of the dividends.

The provisions of 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, 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:

In the case of the United Arab Emirates:

a) the federal or local Governments, a political subdivision or a local authority;
b) the following entities as long as they are wholly owned by the federal or local Governments of the United Arab Emirates:
    i. The Central Bank of the United Arab Emirates,
    ii. The Abu Dhabi Investment Authority,
    iii. The Abu Dhabi Investment Council,
    iv. Mubadala Development Company (Mubadala),
    v. Dubai World,
    vi. Investment Corporation of Dubai (ICD),
    vii. United Arab Emirates Investment Authority,
    viii. International Petroleum Investment Company (IPIC), and
    ix. Any other governmental financial institutions as may be specified, according to the domestic legislation and notified to the competent authority of the other Contracting State.

In the case of Ecuador:

a) the Government, a political subdivision or a local authority;
b) the following entities as long as they are wholly owned by the Government of Ecuador:

    i. The Central Bank of Ecuador, and
    ii. Any other governmental financial institutions as may be specified, according to the domestic legislation and notified to the competent authority of the other Contracting State.

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

5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other Contracting 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 8 or Article 15, 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 a 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 12
INTEREST

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other Contracting 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 recipient is a resident of the other Contracting State, the tax so charged shall not exceed 10 per cent of the gross amount of the interest.

3. Notwithstanding the provisions of the preceding paragraphs, interest arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State, if the beneficial owner of the interest is:

In the case of the United Arab Emirates:

a) the federal or local Governments, a political subdivision or a local authority;
b) the following entities as long as they are wholly owned by the federal or local Governments of the United Arab Emirates:
    i. The Central Bank of the United Arab Emirates,
    ii. The Abu Dhabi Investment Authority,
    iii. The Abu Dhabi Investment Council,
    iv. Mubadala Development Company (Mubadala),
    v. Dubai World,
    vi. Investment Corporation of Dubai (ICD),
    vii. United Arab Emirates Investment Authority,
    viii. International Petroleum Investment Company (IPIC), and
    ix. Any other governmental financial institutions as may be specified, according to the domestic legislation and notified to the competent authority of the other Contracting State.

In the case of Ecuador:

a) the Government, a political subdivision or a local authority;
b) the following entities as long as they are wholly owned by the Government of Ecuador:

    i. The Central Bank of Ecuador, and
    ii. Any other governmental financial institutions as may be specified, according to the domestic legislation and notified to the competent authority of the other Contracting State.

4. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage, and in particular, income from government securities and income from bonds and debentures, as well as any other income that is subjected to the same taxation treatment as income from money lent by the taxation law of the Contracting State in which the income arises. The term “interest”, however, does not include income dealt with in Article 11.

5. The provisions of paragraph 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State, in which the interest arises, through a permanent establishment situated therein, or performs in that other Contracting State independent personal services from a fixed base situated therein, and the debt-claim generating that interest is attributable to such permanent establishment or fixed base. In such case the provisions of Article 8 or Article 15, 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 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 a permanent establishment or fixed base, then such interest shall be deemed to arise in the Contracting 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 the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

8. The provisions of this Article shall not apply if the purpose or one of the main purposes of any person connected with the creation or allocation of credit on which interest is paid, were to take out the advantages of this Article through such creation or allocation.

ARTICLE 13
ROYALTIES

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

2. However, such 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 is a resident of the other contracting State, the tax so charged shall not exceed:

a) 10 per cent of the gross amount of the royalties for the use of, or the right to use industrial, commercial or scientific equipment;

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

3. The term “royalties” as used in this Article means amounts of any kind paid for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films, tapes and other means of reproduction of sound and image, patents, trade mark, designs or models, plans, secret formulas

or processes, or other intangible property, including the right of plant varieties breeders, or for the use of, or the right to use industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.

4. 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 Contracting 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 8 or Article 15, as the case may be, shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is a resident of that Contracting 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 and the royalties are borne by such permanent establishment or fixed base then royalties shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base 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 to use or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

7. The provisions of this Article shall not apply if the purpose or one of the main purposes of any person connected with the creation or allocation of rights on which royalties are paid, were to take out the advantages of this Article through such creation or allocation.

ARTICLE 14
CAPITAL GAINS

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 7 and situated in the other Contracting State may be taxed in the last mentioned State.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State.

3. Gains derived from the alienation of ships or aircraft operated in international traffic or movable property pertaining to the operation of such ships or aircraft shall be taxable only in the Contracting State where the alienator is a resident.

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

ARTICLE 15
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 except in the following circumstances, when such income may also be taxed in the other Contracting State:

a) if he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities; in that case, only so much of the income as is attributable to that fixed base may be taxed in that other Contracting State; or

b) if his stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate 183 days in any twelve-month period; in that case, only so much of the income as is derived from his activities performed in that other State may be taxed in that other State.

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

ARTICLE 16
DEPENDENT PERSONAL SERVICES

1. Subject to the provisions of Article 17, 19 and 20, 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 Contracting 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 that other Contracting 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 that other Contracting State; and

c) the remuneration is not borne by a permanent establishment or a fixed base, which the employer has in that other State.

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

ARTICLE 17
DIRECTORS' FEES

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

ARTICLE 18
ARTISTES AND SPORTSMEN

1. Notwithstanding the provisions of Articles 15 and 16, income derived by a resident of a Contracting State as an entertainer, such as a theater, motion picture, radio or television artiste, or a musician, or as a sportsman from his personal activities as such exercised in the other Contracting State, may be taxed in that other Contracting State. The income referred to in this paragraph shall include the income that the resident obtains from any personal activity exercised in the other Contracting State relating to its reputation as entertainer or sportsman.

2. Notwithstanding the provisions of articles 8, 15 and 16, where income in respect of personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman himself but to another person, that income may be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.

3. The provisions of paragraphs 1 and 2 shall not apply to the income derived by an entertainer or a sportsman from the activities performed within the framework of a cultural agreement concluded between the Contracting States.

ARTICLE 19
PENSIONS

1. Pensions and other similar remuneration paid to a resident of a Contracting State in consideration of past employment shall be taxed only in that Contracting State.

2. However, such pensions and other similar remuneration may also be taxed in the other Contracting State if the payment is made by a resident of that other State or a permanent establishment situated therein.

3. Notwithstanding the provisions of paragraph 1 pensions paid and other payments made under public schemes, which are parts of the social security system of a Contracting State or a local authority thereof, shall be taxable only in that Contracting State.

ARTICLE 20
GOVERNMENT SERVICE

1.

a) Salaries, wages and other 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) Such salaries, wages and other remuneration, however, 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. The provisions of Articles 17 and 18 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by a Contracting State, political subdivision or local authority thereof.

ARTICLE 21
STUDENTS

Payments which a student or business apprentice who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned State solely for the purpose of his education or training, receives for the purpose of his maintenance, education or training shall not be taxed in that State, provided that such payments arise from sources outside that State.

ARTICLE 22
OTHER INCOME

Items of income of a resident of a Contracting State not dealt with in the foregoing Articles of this Agreement and arising in the other Contracting State may be also taxed in that other Contracting State.

CHAPTER IV
METHODS FOR ELIMINATION OF DOUBLE TAXATION

ARTICLE 23
ELIMINATION OF DOUBLE TAXATION

1. In the United Arab Emirates, double taxation shall be avoided as follows:

a) Where a resident of the United Arab Emirates derives income from Ecuador which, in accordance with the provisions of this Agreement, may be taxed in Ecuador, the United Arab Emirates shall allow as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in Ecuador.

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

b) Where in accordance with any provision of this Agreement income derived by a resident of the United Arab Emirates is exempt from tax in that State, such State may nevertheless, in calculating the amount of tax on the remaining income of such resident, take into account the exempted income.

2. In Ecuador, double taxation shall be avoided as follows:

a) Where a resident of Ecuador derives income which, in accordance with the provisions of this Agreement, may be taxed in the United Arab Emirates, Ecuador shall, subject to the provisions of subparagraphs b) and c), exempt such income from tax.
b) Where a resident of Ecuador derives items of income which, in accordance with the provisions of articles 11, 12 and 13, may be taxed in the United Arab Emirates, Ecuador

shall allow as a deduction from the tax on the income of that resident an amount equal to the tax paid in the United Arab Emirates. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable to such items of income derived from the United Arab Emirates.

c) Where in accordance with any provision of this Agreement income derived by a resident of Ecuador is exempt from tax in that State, such State may nevertheless, in calculating the amount of tax on the remaining income of such resident, take into account the exempted income.

d) The provisions of subparagraph a) shall not apply to income derived by a resident of Ecuador where the United Arab Emirates applies the provisions of this Agreement to exempt such income from tax or applies the provisions of paragraph 2 of Article 11, 12 or 13 to such income.

CHAPTER V
SPECIAL PROVISIONS

ARTICLE 24
NON-DISCRIMINATION

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

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

3. Nothing in this Article shall 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 personal status or family responsibilities which it grants to its own residents.

4. Except where the provisions of paragraph 3 of Article 8, Article 10, paragraphs 7 and 8 of Article 12 or paragraphs 6 and 7 of Article 13 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.

5. 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, notwithstanding the rules relating to related parties that handle each of the Contracting States in their domestic law, provided that this does not mean discrimination.

6. In this Article, the term “taxation” refers to taxes covered by this Agreement.

ARTICLE 25
LIMITATION OF BENEFITS

1. Unless the contrary is provided by this Agreement, a person (other than an individual) who is a resident of a Contracting State and obtains income from the other Contracting State shall be entitled to all benefits applicable for residents of a Contracting State under this Agreement, only if that person meets the requirements of paragraph 2 as well as the other conditions of this Agreement to obtain any of these benefits.

2. A resident of a Contracting State shall be a person who meets the requirements for a fiscal year only if such person is:

a) a Governmental entity; or

b) a company constituted in any of the Contracting States, with at least 50 percent of the voting power or value of shares owned directly or indirectly by one or more individuals resident in either Contracting State and/or by other persons that were constituted in any Contracting State and at least 50 percent of their voting power or value of shares, or profit-sharing is owned directly or indirectly by one or more individuals resident of either Contracting State; or

c) a partnership or association of persons, where at least 50% or more of the profit-sharing is owned by one or more individuals resident in either Contracting State and/or by other persons that were constituted in either Contracting States and at least 50 percent of their voting power or value of shares, or profit-sharing is owned directly or indirectly by one or more individuals resident of either Contracting State; or

d) a charitable institution or other entity that is exempt for tax purposes, whose principal activities are carried out in any of the Contracting States.

ARTICLE 26
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 this Agreement, he may, irrespective of the remedies provided by the national laws of those States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 24, 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 that produces taxation not in accordance with the provisions of the Agreement.

2. The competent authority shall endeavor, if the objection appears to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with the Agreement. Any agreement reached will be implemented, notwithstanding any time limits in the domestic legislation of the Contracting States.

3. The competent authorities of the Contracting States shall endeavor to resolve any difficulties or doubts arising as to the interpretation or application of the Agreement by means of a mutual agreement procedure.

They may also consult with each other to eliminate double taxation in cases not covered by the Agreement.

4. The competent authorities of the Contracting States may communicate with each other directly, even through a joint commission consisting of themselves or their representatives, for the purpose of reaching an agreement in the sense of the preceding paragraphs.

ARTICLE 27
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 Agreement 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 political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Agreement. 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.

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 fiduciary capacity or because the information relates to ownership interests in a person.

ARTICLE 28
MEMBERS OF DIPLOMATIC MISSIONS AND CONSULAR POSTS

The provisions of this Agreement shall not affect the fiscal privileges of members of diplomatic missions or consular posts under the general rules of international law or under the provisions of special agreements.

ARTICLE 29
MISCELLANEOUS RULES

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

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

CHAPTER VI
FINAL PROVISIONS

ARTICLE 30
ENTRY INTO FORCE

1. Each Contracting State shall notify the other, through diplomatic channels, compliance with the procedures required by law for entry into force of this Agreement. This Agreement shall enter into force on the date of receipt of the last notification.

2. The provisions of this Agreement will apply with respect to taxes on income obtained and amounts to be paid, credited to account, make available or recorded as an expense, from the first day of January of the calendar year immediately following the year on which the Agreement enters into force.

ARTICLE 31
DURATION AND TERMINATION

1. This Agreement shall remain in force and effect indefinitely, but either of the Contracting States, not later than June 30 of any calendar year, may denounce the Agreement after five years from the entry into force, by giving notice thereof in writing to the other Contracting State through diplomatic channels.

2. The provisions of this Agreement shall cease to have effect with respect to taxes on income obtained and amounts to be paid, credited to account, make available or recorded as an expense, from the first day of January of the immediately following calendar year.

PROTOCOL TO THE AGREEMENT BETWEEN THE UNITED ARAB EMIRATES AND THE REPUBLIC OF ECUADOR FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECTO TO TAXES ON INCOME

At the time of signing of this Agreement between the Republic of Ecuador and the United Arab Emirates for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (hereinafter referred to as the Agreement), the undersigned have agreed upon the following provisions which form an integral part of the Agreement.

1. With respect to the entire Agreement, it is understood that the provisions of the Agreement shall not apply if the purpose or one of the main purposes of any person that applies such provisions were to take advantage of this Agreement, provided that before denying the benefits the Contracting States must communicate with each other.

2. With respect to paragraph 1 of Article 5, it is understood that the term "resident" in the case of the United Arab Emirates is defined as follows:

a) any individual who under the laws of the United Arab Emirates or of any political subdivision or local government thereof is a national;
b) any person other than an individual (including pension funds, charities or religious, educational or cultural organizations) that is constituted under the laws of the United Arab Emirates or of any political subdivision or local government thereof.

3. With respect to paragraph 4 of Article 6, it is understood that in subparagraphs a) and b), the term "delivery" shall not include the delivery intended for domestic trade but only for the use of the enterprise.

4. Without prejudice to Article 3, with respect to paragraph 2 of Article 7, the term "rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources" includes shares (or other similar instruments) entitled, directly or indirectly, to those rights.

5. With respect to paragraph 2 of Article 10, it is understood that the competent authorities of either Contracting State have to notify to the respective taxpayer as soon as possible of their intention to make a determination that could include a transfer pricing adjustment. The two competent authorities shall communicate with each other in writing or face to face to obtain detailed factual information, for that purpose they may apply Article 27.

The taxpayer should be given any reasonable opportunities to present relevant facts and arguments in writing or in oral form.

6. Without prejudice to paragraph 4 of this Protocol, with respect to paragraph 4 of Article 14, it is understood that gains from the alienation of shares in a company or securities, bonds, debentures and the like, not dealt with in paragraphs 1 to 3, are taxable only in the State of which the alienator is a resident.

It is further understood that capital gains from the sales of intangible assets shall be subject to tax only in the State of which the alienator is a resident.

7. With respect to paragraph 3 of Article 16, an individual who is both a national of a Contracting State and an employee of an enterprise of that Contracting State whose principal business consists of the operation of aircrafts in international traffic and who derives remuneration in respect of duties performed in the other

Contracting State, shall be exempt from tax in that other State on remuneration derived from his employment with that enterprise for a period of four years beginning the date on which he first performs duties in that other State.

8. With respect to Article 22 of this Agreement:

Notwithstanding the provisions of paragraph 1 of Article 22, items of income derived by the Government or its financial institutions of a Contracting State not dealt with in the foregoing Articles of this Agreement and arising in the other Contracting State shall be taxable only in the State where the beneficial owner of the income is a resident.

For the purposes of this paragraph, the term "Government and its financial institutions" means:

In the case of the United Arab Emirates:

a) the federal or local Governments, a political subdivision or a local authority;
b) the following entities as long as they are wholly owned by the federal or local Governments of the United Arab Emirates:
    i. The Central Bank of the United Arab Emirates,
    ii. The Abu Dhabi Investment Authority,
    iii. The Abu Dhabi Investment Council,
    iv. Mubadala Development Company (Mubadala),
    v. Dubai World,
    vi. Investment Corporation of Dubai (ICD),
    vii. Unit Arab Emirates Investment Authority,
    viii. International Petroleum Investment Company (IPIC), and
    ix. Any other governmental financial institutions as may be specified, according to the domestic legislation and notified to the competent authority of the other Contracting State.

In the case of Ecuador:

a) the Government, a political subdivision or a local authority;
b) the following entities as long as they are wholly owned by the Government of Ecuador:
    i. The Central Bank of Ecuador, and
    ii. Any other governmental financial institutions as may be specified, according to the domestic legislation and notified to the competent authority of the other Contracting State.

9. With respect to subparagraph a) of paragraph 2 of Article 25, it is understood that the term "Governmental entity" entitled to the benefits of the Agreement refers to the entities described in paragraph 8 of this Protocol.

10. With respect to Article 27:

a) The required State shall, as far as possible, submit its response within 90 calendar days counted from the receipt of the request of exchange the information. The competent

authorities of the Contracting States may establish specific time limits for specific cases provided by the requesting State;

b) In case of impossibility of compliance with the deadline for response or difficulty in obtaining the required information, the competent authority of the requested State shall inform to the competent authority of the requesting State the presumed date in which may be sent the response and the nature of the difficulties to provide the requested information;

c) The right of the States to exchange information, under this Agreement, will continue regardless of the termination of this instrument, as long as there is existing investments in the territory of any or both Contracting States.