

AGREEMENT

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



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The Government of the United Arab Emirates and the Government of the Federal Democratic Republic of Ethiopia desiring to promote and strengthen their economic relations by concluding an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income

Have agreed as follows:



Article 1
Personal Scope

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

Article 2
Taxes Covered

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

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

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

a) In the case of the United Arab Emirates:

i. the income tax; and

ii. the corporation tax
(Hereinafter referred to as "UAE tax");

b) In the case of Ethiopia:

1) the tax on income and profit; and
2) The tax on income from mining, petroleum and agricultural activities;
(hereinafter referred to as "Ethiopian tax").

4. This Agreement shall apply also to any identical or substantially

similar taxes, which are imposed under the laws of a Contracting State after the date of signature of this Agreement in addition to, or in place of, the existing taxes referred to in paragraph 2. The competent authorities of the Contracting States shall notify each other of any substantial changes, which have been made in their respective taxation laws.

Article 3
General definition

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

   a) The terms " a Contracting State" and " the other Contracting State" mean the United Arab Emirates or the Federal Democratic Republic of Ethiopia as the context requires;

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

   c) the term "Ethiopia" means the Federal Democratic Republic of Ethiopia; when used in a geographical sense, it means the national territory and any other area which in accordance with international law and the laws of Ethiopia is or may be designated as an area in which Ethiopia exercises sovereign rights or jurisdiction.

   d) The term "Tax" means UAE Tax or Ethiopian Tax as the context requires;



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

f) The term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;

g) 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;

h) The term "national" means any individual possessing the nationality of that Contracting State or any legal person, partnership, association or any other entity deriving its status as such from the laws in force in that Contracting State.

2. 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;

3. The term "competent authority" means:

   a) in the case of the UAE: the Minister of Finance or his authorized representative;

   b) in the case of Ethiopia: the Minister of Finance and Economic development or his authorised representative:

4. In the application of this Agreement by either of the Contracting States, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under



the laws of that Contracting State for the purposes of the taxes to which the Agreement applies

Article 4
Resident

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

a) in the case of UAE, that State, its local authorities, any statutory body thereof and any person who under the laws of that State is domiciled or resident in, a national of, or having their place of incorporation or management within that State; and

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

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

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

(d) If he is a national of both Contracting 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 of the Contracting State in which its place of effective management is situated.

Article 5
Permanent Establishment

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

2. The term " permanent establishment' includes especially:

a) a place of management;
b) a branch;
c) an office;
d) a factory;

e) a workshop;
f) an installation or structure for the exploration of natural resources;
g) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.
h) a farm, plantation or other place where agricultural, forestry, plantation or related activities are carried on; and.
i) a commercial warehouse

3. the term "permanent establishment" likewise encompasses:

a. Building sites, a construction, assembly or installation project or supervisory activities in connection therewith but only where such site, project or activities continue for a period of more than 9 months.

b. the furnishing of services, including consultancy or managerial services, by an enterprise of a Contracting State through employees or other personnel in the other Contracting State ,provided that such activities continue for the same project or a period or periods aggregating more than 6 months period within any twelve months.

c. a warehouse or other structure used as a sales outlet.

4. Notwithstanding the provisions of paragraphs 1 to 3, 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 of this Article , where a person-other than an agent of an independent status to whom paragraph 6 applies – is acting in a Contracting State on behalf of an enterprise of the other Contracting State, that enterprise shall be deemed to have a permanent establishment in the first-mentioned Contracting State in respect of any activities which that person undertakes for the enterprise, if such a person:

a) habitually exercises in the first-mentioned Contracting State, a general authority to negotiate and conclude contracts for or on behalf of such enterprise;

b) maintains in the first mentioned Contracting state a stock of goods or merchandise belonging to the enterprise from which he regularly sells goods or merchandise for, or on behalf of, such enterprises, or 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, or

c) maintains orders in the first-mentioned Contracting State, exclusively or almost exclusively for the enterprise itself or for such enterprise and other enterprises, which are controlled by it or have a controlling interest in it.

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

7. 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.

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 Contracting 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 of forestry) situated in the other Contracting State may be taxed in that other Contracting State.

2. The term "immovable property" shall have the meaning, which it has under the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships and aircraft shall not be regarded as immovable property.

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

4. The provisions of paragraphs 1 and 3 of this Article 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
Income from Hydrocarbons

Nothing in this Agreement 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 and its associated activities situated in the territory of the respective Contracting State, as the case may be.

Article 8
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 in that other Contracting State. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other Contracting State but only so much of them as is attributable to that permanent establishment.

2. Subject to the provisions of paragraph 3 of this Article, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

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

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 of this Article shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this Article.

5. No profits shall be attributed to a permanent establishment by the reason of the mere purchase by the 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 or gains 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

1. Notwithstanding the provisions of Article 8, 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 Contracting State.

2. The provisions of paragraph 1 shall also apply to profits derived from, the participation in a pool, a joint business or an international



operating agency.
3. in this Article:

a. the term "profits" includes:
i) profits, net profits, gross receipts and revenues derived directly from the operation of ships or aircraft in international traffic, and

ii) interest on sums generated directly from the operation of ships or aircraft in international traffic which is incidental to such operation;

iii) selling of tickets on behalf of another enterprise

iv) income from training schemes

v) Income from selling of technical engineering to a third party;

vi) investment income such as income derived from deposits at the Bank provided that the income is directly connected with such operation of ship or an aircraft; but without any charges whatever at the State of source.

b. the term "operation of ships or aircraft" in international traffic by a person, includes:

i) the charter or rent of ships or aircraft;

ii) the rent of containers and related equipment, and

iii) the alienation of ships or aircraft, containers and related equipment

by that person provided that such charter, rent or alienation is incidental to the operation by that person ships or aircraft in international traffic.



4. With respect to the income on profit derived by an enterprise of a Contracting State, such income on profit shall be transferred without delay in a convertible currency and without any retention, blocking or freezing.

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) 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 Contracting State -and taxes accordingly -profits on which an enterprise of the other Contracting State has been charged to tax in that other Contracting State and the profits so included are profits which would have accrued to the enterprise of the first-



mentioned Contracting State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other Contracting State shall make an appropriate adjustment to the amount of the profits subjected to tax. 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, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed 5% of the gross amount of the dividends.

3. 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 taxation laws of the Contracting State of which the company making the distribution is a resident.

4. The provisions of paragraph 1 and 2 of this Article 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 in that other Contracting State, or performs in that other Contracting State independent personal services from a fixed base situated in that other Contracting State, 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.

5. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other Contracting 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 Contracting 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 or a fixed base situated in that other Contracting 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 contracting State.

Article 12
Interest

1. Interests 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 interests 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 5% of the gross amount of the interest.

3. Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State shall be exempt from tax in that State, provided that;

a) it is derived and beneficially owned by the Government, a political subdivision, local authority, the National Bank or Sovereign Wealth Funds managing agencies of the other Contracting State; and

b) the loan is given to or guaranteed by, or the security is issued by the government of the Contracting State in which the interest arises.

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, penalty charges for late payments shall not be regarded as interest for the purpose of this Article.

5. The provisions of paragraph 1 and 2 of this Article shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated in that other Contracting State, or performs in that other Contracting State independent personal services from a fixed base situated in that other Contracting State, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 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 Contracting State. Where, however, the person paying the interest, whether he is a resident of a



Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the 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 of the interest, 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 it was the main purpose or one of the main purposes of any person concerned with the creation or assignment of the dept-claim in respect of which the interest is paid to take advantage of this Article by means of that creation or assignment.

9. If the Government of a Contracting State participates in a loan indirectly through an agent or otherwise, the provisions of paragraph 3 shall apply proportionally to the participation of that government in such loan. The participation shall be evidenced by a certificate to this effect by the competent authority of the Contracting State.



Article 13
Royalties

1. Royalties 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 royalties may also be taxed in the Contracting State in which they arise and according to the laws of that Contracting State, but if the beneficial owner of the royalties is a resident of the other Contracting State the tax so charged shall not exceed 5% (five percent) of the gross amount of royalties in the meaning of paragraph 4, sub-paragraph (a) of this Article.

3. notwithstanding the provisions of paragraph 2 of this Article royalties arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in the other Contracting State, if such resident is the beneficial owner of the royalties and the royalties are the payment in the meaning of paragraph 4, sub-paragraph (b) of this Article.

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

a. for the use of, or the right to use, any copyright of literary, artistic work (including cinematograph films and works or tapes for radio or television broadcasting,); and
b. for the use of , or the right to use any copyright of scientific work , patent, trade mark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience.

5. The provisions of paragraphs 1 and 2 of this Article shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State , carries on business in the other Contracting

State in which the royalties arise, through a permanent establishment situated in that other Contracting State, or performs in that other Contracting State independent personal services from a fixed base situated in that Contracting State 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.

6. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority thereof or a resident of that State. Where, however, the person paying the royalties whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties 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 of the royalties or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.



Article 14
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 Contracting State.

2. gains derived by a resident of a Contracting State from the alienation of:

(a) Shares, other than shares quoted on a recognized stock exchange, deriving more than 50 per cent of their value directly or indirectly from immovable property situated in the other Contracting State; or

(b) an interest in a partnership or trust deriving more than 50 per cent of its value directly or indirectly from immovable property situated in the other Contracting State,

may be taxed in that other Contracting State.

3. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or 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 Contracting State.

4. Gains derived by an enterprise of a Contracting State 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 that Contracting State.

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

Article 15
Independent personal services

1. Income derived by a resident of a Contracting State in respect of professional services or other independent activities of a similar character shall be taxable only in that Contracting State unless he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities; if he has such a fixed base the income may be taxed in the other Contracting State but as attributable to that fixed base;

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

Article 16
Dependent Personal Services

1. Subject to the provisions of Articles 17, 18,19, 20 and 21 of this Agreement, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that Contracting 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 Contracting State for a period or periods not exceeding in the aggregate 183days in any 12 month period commencing or ending in the fiscal year concerned;

b) The remuneration is paid by, or on behalf of, an employer who is not a resident of the other Contracting State.

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

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, salary and remunerations paid to the stuff aboard a ship or aircraft and salary paid to the regional manager and its ground staff working in the office of shipping or air transport in the respective Contracting States shall be subject to tax in the country the effective management of the ship or aircraft is situated.

Article 17
Teachers and Researchers

An individual who is a resident of a Contracting State immediately before making a visit a Contracting State and who at the invitation of a university college, school, or other similar educational institutions or scientific research institution visits that other State for a period not exceeding three consecutive years solely for .the purpose of teaching or research or both at such educational institution or scientific research institution for a period not exceeding three years in that Contracting State on any



remuneration for such teaching or research.

Article 18
Students and Trainees

1. a student or business apprentice who, immediately before visiting a Contracting State is or was a resident of the other contracting and who is present in the first mentioned Contracting State for the purpose of his education or training shall be exempt from tax in that first-mentioned Contracting State on:
a. payments made to him by persons residing outside that first-mentioned Contracting State for the purpose of his maintenance, education or training; and
b. Income from activity in that first-mentioned Contracting State provided that such income shall not exceed the amount necessary for this maintenance, education or training.

2. A student at a university or other institution for higher education in a Contracting State, or a business apprentice, who is or was immediately before visiting the other Contracting State a resident of the first-mentioned State and who is present in the other Contracting State for a continuous period not exceeding four years, shall not be taxed in that other State in respect of remuneration for services rendered in that State, provided that the services are in connection with his studies or training and the remuneration constitutes earnings necessary for his maintenance.

Article 19
Directors' Fees

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



Article 20
Pensions and Annuities

1. Subject to the provisions of paragraph 2 of Article 21, pensions and other similar remuneration and annuities paid to an individual who is a resident of a Contracting State in consideration of past employment shall be taxable only in that Contracting State.

2. The terms "pensions and other similar remuneration" as used in this Article means periodic payments made after retirement in consideration of past employment or by way of compensations for injuries received in connection with past employment.

3. notwithstanding the provisions of paragraph 1, pensions and other similar remuneration, and any annuity paid under State Pensions Plan as a part of social security system of a Contracting State, its political Subdivision or local authority, shall be taxable only in that State.

Article 21
Government Service

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

b) Notwithstanding the provisions of subparagraph a) of this paragraph such remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State and who:

(1) is a national of that Contracting State;

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

3. a) any pension paid by , or out of funds created by , a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that Contracting State or subdivision or authority shall be taxable only in that State.

b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, such pension shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that Contracting State.

4. The provisions of Articles 16, 19, and 20 of this Agreement shall apply to remuneration and to pensions in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or a local authority thereof.

Article 22
Artists 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 theatre, motion picture, radio or television artiste, or a musician, or as a sportsman, from his personal activities as such exercised in the other Contracting State , may be taxed in that other State.

2. Where income in respect of personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman himself but to another person, that income



may, notwithstanding the provisions of Articles 8, 15 and 16, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.

3. notwithstanding The provisions of paragraphs 1 and 2 of this Article income derived from such activities performed within the framework of cultural agreements concluded between the Contracting States are reciprocally exempted from tax only if such activities are sponsored by the Government of a Contracting state or financed by public fund of both Contracting States and the activities are not carried or for the purpose of profits.

Article 23
Other Income

1. Items of income of a resident of a Contracting State, which are not expressly mentioned in the foregoing Articles of this Agreement, shall be taxable only in that State.

2. The provisions of paragraph 1 of this article shall not apply to income derived by a resident of a Contracting State if this resident, carries on business in the other Contracting State through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 8 or Article 15, as the case may be, shall apply.

Article 24
Methods of Elimination of Double Taxation

1. Where a resident of a Contracting State derives income or owns



capital, which in accordance with the provisions of this Agreement may be taxed in the other Contracting State, the first-mentioned State shall allow:

a) as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in that other State;

b) as a deduction from the tax on the capital of that resident, an amount equal to the capital tax paid in that other State.

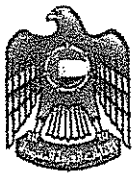
Such deduction in either case shall not, however, exceed that part of the income tax or capital tax, as computed before the deduction is given, which is attributable, as the case may be, to the income or the capital which may be taxed in that other State.

2. Such deduction in either case shall not, , exceed that part of the tax on income, as computed before the deduction is given, which is attributable as the case may be to the income which may be taxed in that other State.

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

4. For the purposes of paragraph 1 of this Article, profits income owned by a resident of Contracting State which may be taxed in the other Contracting State in accordance with this Agreement shall be deemed to arise from sources in that other Contracting state.

5. For the purposes of paragraph 1 of this Article, where the income arising in a Contracting State is exempt or taxed at a reduced rate in that State, for a limited period of time in accordance with the laws and regulations of that State, then the tax on such



income which has been exempt or taxed at a reduced rate in that State shall be credited against the tax on income owing in the State where the beneficial owner of this income is a resident.

The competent authorities of the Contracting States shall consult each other regarding the mode of application of the provisions of this paragraph.

Article 25
Non-Discrimination

1. The nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirements connected therewith, which is other or more burdensome than the taxation and connected obligations to which individuals possessing the nationality of that other Contracting 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 Contracting State than the taxation levied on enterprises of third states, carrying on the same activities in the same circumstances and under the same methods.

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, nothing shall affect the right of either Contracting States to grant an exemption or reduction of taxes in accordance with its law and regulations or administrative practice to its own national.

4. Except where the provisions of paragraph 1 of Article 10, paragraph 7 of Article 12 or paragraph 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. This Article 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.

6. Nothing in this Article shall be construed as imposing a legal obligation on a Contracting State to extend to the residents of the other Contracting State, the benefit of any treatment, preference or privilege which may be accorded to any third state or its residents by virtue of the formation of a customs union, economic union, a free trade area or any regional or sub-regional arrangement relating wholly or mainly to taxation to which the first-mentioned State may be a party pursuant to the practice of either Contracting State.

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

8. In this Article, the term "taxation" means taxes which are the subject of this Agreement.

Article 26
Mutual Agreement Procedure

1. Where a resident of a Contracting State considers that the



actions of one or both of the Contracting State result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the domestic law of those Contracting State, 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 25, to that of the Contracting State of which he is a national. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provision of this Agreement.

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 Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting State.

3. The competent authorities of the Contracting State shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of this Agreement. They may also consult together for the elimination of double taxation in cases not provided for in this Agreement.

4. The competent authorities of the Contracting State may communicate with each other directly 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 State shall exchange such information as is necessary for carrying out the provisions of

this Agreement or of the domestic laws of the Contracting State concerning taxes covered by this Agreement insofar as the taxation thereunder is not contrary to this Agreement. Any information received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that Contracting State and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by this Agreement. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

2. In no case shall the provisions of paragraph 1 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 (order public).

3. 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 purpose. 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.

4. In no case shall the provisions of paragraph 2 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 interest in a person.

Article 28
Members of Diplomatic Missions and Consular Posts

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

Article 29
Miscellaneous Rules

1. The provisions of this Agreement shall not be construed to restrict in any manner any exclusion, exemption, deduction, credit or other allowance nor 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 State and resident of the other Contracting State.

Article 30
Entry into Force

1. Each of the Contracting States shall notify to the other in writing the completion of its constitutional procedures for the entry into



force of this Agreement. This agreement shall enter into force on the date of receipt of the latter of these notifications.

2. the provisions shall thereupon have effect in both Contracting States:

a) in the case of the United Arab Emirates:

i. in respect of taxes withheld at source, for amounts paid or credited on or after the first day of January of the year in which this Agreement enters into force; and

ii. in respect of other taxes, for taxable periods beginning on or after the first day of January of the year in which this Agreement enters into force.

b) In the case of Ethiopia:

i. With regard to taxes withheld at source, in respect of amounts paid on or after the eighth day of July next following the date upon which this Agreement enters into force; and

ii. With regard to other taxes, in respect of tax year beginning on or after the eighth day of July next following the date upon which this Agreement enters into force.

Article 31
Termination

1. The Agreement shall remain in force for a period of five years and shall continue in force thereafter for a similar period or periods unless either Contracting State notifies the other in writhing, at least six months before the expiry of the initial or any subsequent period, of its intention to terminate this Agreement.

2. In such event, this Agreement shall cease to have effect in both Contracting States:

a) In the case the United Arab Emirates;

i. in respect of taxes withheld at source, for amounts paid or credited on or after the first day of January of the year next following that in which the notice of termination is given; and

ii. in respect of other taxes, for taxable periods beginning on or after the first day of January of the year next following that in which the notice of termination is given.

b) In the case of Ethiopia

i. With regard to taxes withheld at source, in respect of amounts paid on or after the eighth day of July next following the date upon which such notice is given; and

ii. With regard to other taxes, in respect of tax year beginning on or after the eighth day of July next following the date upon which such notice is given.

IN WITNESS WHEREOF, the undersigned, duly authorized thereto by their respective Governments, have signed this Agreement.

DONE at Abu Dhabi on the 12th day of April 2015 in two originals in Arabic and English language, the two texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

For the Government of
The United Arab Emirates

Abdullah Bin Zayed
Minister of Foreign Affairs

For the Government of
The Federal Democratic
Republic of Ethiopia

H.E. Tedros Adhanom
Ghebreyesus
(PhD)
Minister of Foreign Affairs



PROTOCOL TO THE AGREEMENT BETWEEN THE UNITED ARAB EMIRATES AND THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA FOR THE AVIODANCE OF DOUBLE TAXATION AND THE PREVENSTAION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

On signing of the Agreement between the United Arab Emirates and the Federal Democratic Republic of Ethiopia 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 that the following provisions of this protocol shall form an integral part of the Agreement.

For the purpose of paragraph 3 of Article 12 it is understood that sovereign wealth fund managing agencies shall include;

a) in the case of UAE;
   i. Central bank of UAE,
   ii. Abu Dhabi Investment Authority,
   iii. International Petroleum Investment Corporation (IPIC),
   iv. Investment Corporation of Dubai, Emirates Investment Authority,
   v. Mubadela,
   vi. Dubai World and Pension Fund, and
   vii. any other institution which is wholly or substantially owned by the Federal or local governments of UAE

b) In the case of Ethiopia;
   i. The National Bank of Ethiopia,
   ii. Construction and Business Bank of Ethiopia,

iii. Development Bank of Ethiopia,

iv. Pension Funds of Ethiopia, and

v. Any other institution which is wholly or substantially owned by the Federal or Regional Governments of Ethiopia.

In witness whereof, the undersigned dully authorized by their respective Governments, have signed this protocol.

DONE at Abu Dhabi on the 12th day of April, 2015 in two originals in Arabic and English language, the two texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

For the Government of
The United Arab Emirates

Abdullah Bin Zayed
Minister of Foreign Affairs

For the Government of
The Federal Democratic
Republic of Ethiopia

H.E. Tedros Adhanom
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