FRANCE - UNITED ARAB EMIRATES
INCOME, CAPITAL AND INHERITANCE TAX TREATY
(Unofficial translation)



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CONVENTION BETWEEN
THE GOVERNMENT OF THE FRENCH REPUBLIC AND
THE GOVERNMENT OF THE UNITED ARAB EMIRATES
FOR THE AVOIDANCE OF DOUBLE TAXATION

Article 1
Personal scope
This Convention shall apply to individuals who and legal entities which are residents of one or both of the States.

Article 2
Taxes covered
1.The taxes to which the Convention shall apply are:

(a) in the case of France:
- (i) the income tax (l'impôt sur le revenu);
- (ii) the corporation tax (l'impôt sur les sociétés);
- (iii) the solidarity tax on capital, levied on individuals (l'impôt de solidarité sur la fortune, applicable aux personnes physiques);
- (iv) the inheritance tax (l'impôt sur les successions);

including any withholding taxes, prepayments (précomptes) and advance payments with respect to such taxes
(hereinafter referred to as "French tax");

(b) in the case of the United Arab Emirates:
- (i) any tax on the income of companies imposed in the United Arab Emirates by the State of the United Arab Emirates or by the Emirates;
- (ii) any tax on total income or on items of income -- including gains from the alienation of movable or immovable property, any tax on capital and any inheritance tax imposed in the United Arab Emirates by the State of the United Arab Emirates or by the Emirates which are similar to the French taxes to which the Convention applies

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

2.The Convention shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes.

The competent authorities of the States shall notify each other of important changes which have been made in their respective taxation laws.

Article 3
General definitions
1.For the purposes of this Convention, unless the context otherwise requires:

(a) the terms "a State" and "the other State" mean, as the case may be, the French Republic

or the State of the United Arab Emirates;

(b) the term "person" includes an individual and a company;

(c) the term "company" means any body corporate established under public or private law, including, in the case of the United Arab Emirates, the State of the United Arab Emirates, its political subdivisions and territorial authorities or any entity which is treated as a body corporate for tax purposes;

(d) the terms "enterprise of a State" and "enterprise of the other State" mean respectively an enterprise carried on by a resident of a State and an enterprise carried on by a resident of the other State;

(e) the term "international traffic" means:

-- any transport by a ship operated by an enterprise which has its place of effective management in a State, except when the ship is operated solely between places in the other State;

-- any transport by an aircraft operated by an enterprise which has its place of effective management in a State, except when the aircraft is operated solely between places in the other State;

(f) the term "competent authority" means:

-- in the case of the French Republic: the Minister of the Budget or his authorised representative;

-- in the case of the United Arab Emirates: the Minister of Finance or his authorised representative.

2.As regards the application of the Convention by a State, any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the law of that State concerning the taxes to which the Convention applies.

Article 4

Resident

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

(a) in the case of France, any person who, under French law, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature;

(b) in the case of the United Arab Emirates, any person domiciled, established or having its place of management in the United Arab Emirates, including the State of the United Arab Emirates, its political subdivisions and local authorities.

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

(a) he shall be deemed to be a resident 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 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 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 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 both 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 States, then it shall be deemed to be a resident of the State in which its place of effective management is situated.

Article 4A

Permanent establishment

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

2.The term "permanent establishment" 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 extraction of natural resources.

3.A building site or construction or installation project constitutes a permanent establishment only if it lasts more than six 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 sub-paragraphs (a) to (e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

5.Notwithstanding the provisions of paragraphs 1 and 2, where a person -- other than an agent of an independent status to whom paragraph 6 applies -- is acting on behalf of an enterprise and has, and habitually exercises, in a 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 State merely because it carries on business in that State through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business.

7.The fact that a company which is a resident of a State controls or is controlled by a company which is a resident of the other State, or which carries on business in that other State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

Article 5

Income from immovable property

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

2.The term "immovable property" shall have the meaning which it has under the law of the 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 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.Where the ownership of stocks, shares or other rights in a company or other body corporate gives the owner the right to use immovable property situated in a State and owned by that company or other legal entity, income accruing to the owner from the direct use, letting or use in any other form of his right to use the property shall be taxable in that State.

5.The provisions of paragraphs 1, 3 and 4 shall also apply to income from property of an enterprise mentioned in this Article and to income from such property used for the performance of independent personal services.

Article 6

Business profits

1.The profits of an enterprise of a State shall be taxable only in that State unless the enterprise carries on business in the other State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.

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

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

4.No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

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 Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

Article 7

Shipping and air transport

1.Income derived by a French enterprise from the operation of aircraft in international traffic, including income incidental to such operation, shall be exempt in the United Arab Emirates from the taxes mentioned in Article 2 (sub-paragraph (b) of paragraph 1) and, notwithstanding the provisions of Article 2 of the Convention, from any tax similar to the business tax (taxe professionnelle).

2.Income derived by a United Arab Emirates enterprise from the operation of aircraft in international traffic, including income incidental to such operation, shall be exempt in France from the taxes mentioned in Article 2 (sub-paragraph (a) of paragraph 1) and, notwithstanding the provisions of that Article, from the business tax (taxe professionnelle) on the amount pertaining to the share in the operations effected by individuals resident in the United Arab Emirates or

pertaining to the share in the capital of the enterprise held directly or indirectly by either individuals resident in the United Arab Emirates or companies with a share capital or partnerships which have their place of effective management in the United Arab Emirates, or by the State of the United Arab Emirates or companies in which the State is a shareholder.

3.Notwithstanding the provisions of Article 3, paragraph 1, sub-paragraph (d):

(a) for the purposes of paragraph 1 of this Article, the term "French enterprise" means an enterprise designated by the French Government and the term "United Arab Emirates enterprise" means an enterprise designated by the Government of the United Arab Emirates;

(b) the list of enterprises designated by each Government shall be exchanged by letter through diplomatic channels and shall be subject to modification in the same manner.

4. (a) Profits from the operation of ships in international traffic shall be taxable only in the State in which the place of effective management of the enterprise is situated.

(b) Notwithstanding the provisions of sub-paragraph (a), profits derived from the operation of ships in international traffic by a company, including a partnership resident in the United Arab Emirates, more than 50% of the capital of which is owned, directly or indirectly, by persons who are not residents of the United Arab Emirates, may be taxed in France if that company has a permanent establishment at its disposal in France.

5.If the place of effective management of a shipping enterprise is aboard a ship, then it shall be deemed to be situated in the State in which the home harbour of the ship is situated, or, if there is no such home harbour, in the State of which the operator of the ship is a resident.

6.The provisions of the preceding paragraphs shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

7.For the purposes of this Article, it is understood that the income derived by an enterprise from the operation in the international traffic of ships or aircraft, shall include the income that such enterprise derives:

(a) from the rental or alienation of ships or aircraft operated in international traffic;

(b) from the use, maintenance, rental or alienation of containers -- including trailers, barges and related equipment for the transport of containers -- used for the transportation of goods or merchandise in international traffic;

provided that the activities mentioned in (a) and (b) are incidental to the operation, by the enterprise, of ships or aircraft in international traffic.

Article 7A

Associated enterprises

1.Where

(a) an enterprise of a State participates directly or indirectly in the management, control or capital of an enterprise of the other State, or

(b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a State and an enterprise of the other 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 State includes in the profits of an enterprise of that State -- and taxes accordingly -- profits on which an enterprise of the other State has been charged to tax in that other State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits, if it regards this

adjustment as justified. In determining such adjustment, due regard shall be had to the other provisions of this Convention and the competent authorities of the States shall if necessary consult each other.

Article 8

Dividends

1.Dividends paid by a company which is a resident of a State to a resident of the other State shall be taxable only in that other State if the recipient is the beneficial owner of the dividends. It is understood that 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.

2.The provisions of paragraph 1 shall also apply to dividends paid by a company which is a resident of a State to the other State itself, the Central Bank or public institutions of that other State.

3.A resident of the United Arab Emirates who receives dividends paid by a company which is a resident of France may obtain a refund of the prepayment (précompte) pertaining to such dividends, to the extent the prepayment has effectively been made by that company. The gross amount of the prepayment (précompte) refunded shall be deemed a dividend in applying the provisions of this Convention.

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 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, 2 and 3 shall not apply if the beneficial owner of the dividends, being a resident of a State, carries on business in the other State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 6 or Article 12, as the case may be, shall apply.

6.A company which is a resident of the United Arab Emirates and which is taxable in France according to the provisions of Articles 5, 6, or 11 is not liable in France to the withholding tax on the deemed distributions of profits mentioned in Article 115 quinquies of the French Code Général des Impôts.

7.Where a company which is a resident of a State derives profits or income from the other 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 9

Income from debt-claims

1.Income from debt-claims arising in a State and paid to a resident of the other State shall be taxable only in that other State if such resident is the beneficial owner of the income.

2.The provisions of paragraph 1 shall also apply to income from debt-claims arising in a State and paid to the other State itself, the Central Bank or public institutions of that other State.

3.The term "income from debt-claims" as used in this Article means income from debt-claims of every kind (including income from bank deposits incidental to the operation of ships or aircraft in

international traffic), whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as income from debt-claims for the purpose of this Article. The term "income from debt-claims" shall not include the income regarded as dividends according to the provisions of Article 8.

4.The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the income from debt-claims, being a resident of a State, carries on business in the other State in which the income arises, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 6 or Article 12, as the case may be, shall apply.

5.Income from debt-claims shall be deemed to arise in a State when the payer is that State itself, a local authority or a resident thereof. Where, however, the person paying the income, whether he is a resident of a State or not, has in a State a permanent establishment or a fixed base in connection with which the indebtedness on which the income is paid was incurred, and such payment is borne by such permanent establishment or fixed base, then such income shall be deemed to arise in the 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 income from debt-claims, 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 State, due regard being had to the other provisions of this Convention.

Article 10

Royalties

1.Royalties arising in a State and paid to a resident of the other State shall be taxable only in that other State if such resident is the beneficial owner of the royalties.

2.The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright or similar right, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial, or scientific equipment, or for information concerning industrial, commercial or scientific experience.

3.The provisions of paragraph 1 shall not apply if the beneficial owner of the royalties, being a resident of a State, carries on business in the other State in which the royalties arise, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 6 or Article 12, as the case may be, shall apply.

4.Royalties shall be deemed to arise in a State when the payer is that State itself, a local authority or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a State or not, has in a State a permanent establishment or a fixed base in connection with which the contract giving rise to the royalties was concluded, and such royalties are borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

5.Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the 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 State, due regard being had to the other provisions of this Convention.

Article 11

Capital gains

1. (a) Gains derived by a resident of a State from the alienation of immovable property referred to in Article 5 and situated in the other State may be taxed in that other State.

(b) Gains from the alienation of stocks or shares in a company more than 80% of whose assets consist of immovable property or rights pertaining to such property shall be taxable in the State in which such property is situated if, in accordance with the laws of that State, such gains are subject to the same tax regime as gains arising from the alienation of immovable property. For the purposes of this provision, immovable property used by the company for its own business or agricultural operations or to exercise an independent profession shall not be taken into consideration.

2.Gains from the alienation of any property other than that referred to in paragraph 1 shall be taxable only in the State of which the alienator is resident, unless the property the alienation of which gives rise to the gains is effectively connected with a business carried on in the other State by the alienator through a permanent establishment situated therein, or independent personal services carried on in the other State by the alienator from a fixed base situated therein.

3.Notwithstanding the provisions of paragraph 2, gains from the alienation of shares representing a substantial participation in the capital of a company shall be taxable in the State of which the company is a resident. A substantial participation is deemed to exist when the alienator holds, directly or indirectly, shares which in their entirety entitle him to more than 25% of the profits of the company.

Article 12

Independent personal services

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

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

Article 13

Dependent personal services

1.Subject to the provisions of Articles 14, 15 and 16, salaries, wages and other similar remuneration derived by a resident of a State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other 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 State in respect of an employment exercised in the other State shall be taxable only in the first-mentioned State if:

(a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in the fiscal year concerned; and

(b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State; and

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

3.Subject to the provisions of Articles 15 and 16 and notwithstanding the provisions of paragraphs 1 and 2, remuneration which a professor or researcher, who is or was immediately prior to visiting a State a resident of the other State and who is present in the first-mentioned State solely for the purpose of teaching or carrying on research, receives for his activities, shall be taxed only in the other State. This provision shall apply for a period not to exceed 24 months starting from the date of the first arrival of the professor or researcher in the first-mentioned State in order to teach or carry out his research.

4.Notwithstanding the preceding provisions of this Article, remuneration derived by a resident of a State in respect of an employment exercised aboard a ship or aircraft operated in international traffic may only be taxed in that State. However, remuneration derived by an employee of an enterprise operating ships or aircraft in international traffic, in respect of an employment directly connected with such operation, shall be taxable only in the State in which the place of effective management of the enterprise is situated, provided that this employee is a national of that State, without being at the same time a national of the other State.

Article 14

Pensions

1.Subject to the provisions of Article 15, pensions and other similar remuneration paid to a resident of a State in consideration of past employment shall be taxable only in that State.

2.Notwithstanding the provisions of paragraph 1, pensions and other amounts paid as a result of the social security laws of a State shall be taxable in that State.

Article 15

Government service

1.Remuneration, other than a pension, paid by a State or a territorial authority or a governmental legal entity thereof to an individual in respect of services rendered to that State or authority or governmental legal entity shall be taxable only in that State.

2.Any pension paid by, or out of funds created by, a State or a territorial authority or a governmental legal entity thereof to an individual in respect of services rendered to that State or authority or governmental legal entity shall be taxable only in that State.

3.The provisions of Articles 13 and 14 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by a State or a territorial authority or a governmental legal entity thereof.

Article 16

Students

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

2.Payments which a student or business apprentice who is or was immediately before visiting a State a resident of the other State and who is present in the first-mentioned State solely for the purpose of his education or training receives as consideration for services performed in the first-mentioned State shall not be taxed in the first-mentioned State, provided that such services are related to his studies or training or that the remuneration for those services is necessary to supplement the amounts available to him for his maintenance.

Article 16A

Capital

1.Capital represented by immovable property, owned by an individual who is a resident of a State and situated in the other State, may be taxed in that other State if the value of such immovable property is greater than the total value of the following elements of capital owned by such resident:

(a) shares (other than those referred to in paragraph 3) issued by a company which is a

resident of the State in which the immovable property is situated, provided that they are listed on a regulated stock exchange of that State, or by a company which is an investment company approved by the public authorities of that State;

(b) debt-claims against the State in which the immovable property is situated, or against one of its territorial authorities or public institutions or State-owned companies, or against a company which is a resident of that State and of which the shares are listed on a regulated stock exchange of that State.

2.For the purposes of this Article, shares, stocks or other rights in a company of which the assets consist for more than 50% of immovable property situated in a State or rights therein are considered immovable property situated in that State. However, immovable property used by such company for its own industrial, commercial or agricultural business or for an independent profession performed by such company shall not be taken into consideration in determining the above percentage.

3.Capital represented by shares, stocks or other rights forming part of a substantial participation in a company -- other than a company referred to in paragraph 2 -- which is resident in a State may be taxed in that State. A substantial participation is deemed to exist when an individual owns, alone or with related persons, directly or indirectly of shares, stocks or other rights which in their entirety entitle him to more than 25% of the profits of this company.

4.Subject to the provisions of the preceding paragraphs, capital owned by an individual who is a resident of a State shall be taxable only in that State.

5.If, by virtue of a convention or agreement or a protocol to a convention or agreement -- signed after the signature of the Protocol to this Convention -- between France and a third State which is not a member of the European Economic Community or of the European Free Trade Association, France grants, with respect to the solidarity tax on capital, a more favourable regime than that accorded to residents of the United Arab Emirates under this Convention, the same favourable regime shall automatically apply to residents of the United Arab Emirates for the purposes of this Convention from the date of entry into force of the convention, agreement or protocol concerned.

6.It is understood that:

(a) notwithstanding the provisions of paragraphs 1 and 4, capital represented by immovable property, owned by a resident of a State and situated in the other State, shall remain taxable in that other State if the capital represented by the shares and debt-claims mentioned in paragraph 1 does not have a permanent character; this condition of permanence is deemed to be fulfilled if the taxpayer has held those shares and debt-claims -- or, in place thereof, other shares or debt-claims mentioned in sub-paragraphs (a) and (b) of paragraph 1 and equally having the requisite value -- for a period, not necessarily continuous, of more than eight months in the course of the calendar year immediately preceding the date of the taxable event; however, France and the United Arab Emirates may agree, following negotiations between the competent authorities, to reduce the above period through an exchange of diplomatic notes, being understood that the total period so reduced shall exceed 183 days in total;

(b) the term "value" as used in paragraph 1 means the gross value before the deduction of liabilities;

(c) as regards the application of the Convention by a State, the capital or property with respect to which an individual is taxable by virtue of the domestic legislation of that State is considered to be owned by such person;

(d) in order to be entitled in a State to the exemption from the tax on capital resulting from the application of the provisions of paragraph 1, the taxpayer must file the declaration of capital provided by the domestic legislation of that State and substantiate that the required conditions for such exemption are fulfilled;

(e) the mode of application of paragraphs (a) to (d) is regulated by France in order to facilitate as much as possible the grant of the exemption provided therein. Such mode

shall also take into account the difficulties arising from the retroactive date of entry into force of the Protocol to the Convention;

(f) the tax paid between 1 January 1989 and the date of entry into force of the Protocol to the Convention shall be refunded to the taxpayers if, and to the extent that, the taxes levied were not in conformity with the provisions of this Article.

Article 17

Inheritances

1.Immovable property shall be subject to inheritance tax only in the State in which it is situated.

2.Tangible or intangible movable property which is effectively connected with the carrying out in a State of independent personal services or business activities through a permanent establishment or fixed base situated therein shall be subject to inheritance tax only in that State.

3.Tangible and intangible movable property (including securities and deposits) to which paragraph 2 of this Article does not apply shall be subject to inheritance tax only in the State of which the deceased was a resident at the time of death.

Article 18

Special provisions

1.Investments of a State in the other State (including investments by the Central Bank or public institutions) and income arising from such investments (including gains arising from their alienation) shall be exempt from tax in that other State. The provisions of this paragraph shall not apply to immovable property nor to income -- including capital gains -- arising from immovable property.

2.Nothing in this Convention shall prevent the application of a more favourable tax regime which may be provided under domestic French law in force for foreign public investment.

3.Individuals who are residents of the United Arab Emirates and who have one or more dwellings available for their personal use in France, without having their fiscal domicile there for the purposes of French law, shall be exempt from the income tax imposed on the basis of the rental value of that or those dwellings.

4.Interest, royalties and other amounts paid by an enterprise of a State to a resident of the other State shall be deductible in calculating the taxable profits of that enterprise under the same conditions as if they had been paid to a resident of the first-mentioned State.

5.If a person who is a resident of a State for the purposes of the domestic laws of that State is considered a resident of the other State on the basis of the criterion of nationality provided in sub-paragraph (c) of paragraph 2 of Article 4, the first-mentioned State may refuse to grant that person the tax exemptions and reductions provided by the Convention for residents of the other State but nevertheless treat that person as a non-resident for the purposes of its domestic laws.

6.The provisions of the Convention shall not prevent or limit in any measure the application by France -- with respect to its residents other than the nationals of the United Arab Emirates -- of the provisions of its domestic legislation intended to prevent or condemn tax evasion or tax fraud.

7.It is understood that the provisions of Article 4 of the Agreement between the French Republic and the State of the United Arab Emirates on the encouragement and reciprocal protection of investments, signed on 9 September 1991, shall not apply in tax matters.

Article 19

Methods for elimination of double taxation with respect to France

1.Profits and other positive income arising in the United Arab Emirates which are taxable there in accordance with the provisions of this Convention may also be taxed in France when a resident of France becomes entitled to them. The tax paid in the United Arab Emirates is not deductible in calculating the taxable income in France but the recipient is entitled to a tax credit against the French tax in the base of which that income is included. This tax credit equals:

-- for income referred to in paragraphs 1 and 3 of Article 11 and for income derived by a resident of France through a permanent establishment or a fixed base situated in the United Arab Emirates mainly for tax purposes,the amount of tax paid in the United Arab Emirates in accordance with the provisions of those Articles. It may not, however, exceed the amount of French tax attributable to such income;
-- for all other income, the amount of French tax attributable thereto.

This provision is also applicable to remuneration referred to in Article 15 if the owner is a resident of France.

2.Where a person who is a resident of the United Arab Emirates or who is established there is fiscally domiciled in France for the purposes of French domestic law or is a subsidiary directly or indirectly controlled for more than 50% by a company with its place of effective management in France, the income of that person shall be taxable in France notwithstanding any other provision of this Convention.

In such event, for all income taxable in the United Arab Emirates by virtue of this Convention, France shall allow as a deduction from the tax attributable to that income the amount of tax levied by the United Arab Emirates.

The provisions of this paragraph shall not apply to individuals who are nationals of the United Arab Emirates.

3.A resident of France who owns capital which is taxable in the United Arab Emirates in accordance with the provisions of Article 16A is also liable to tax in France on that capital. The French tax is calculated by deducting a tax credit equal to the amount of the United Arab Emirates tax paid on that capital. This tax credit may in no case exceed the amount of French tax pertaining to such capital.

4.Property inherited by a resident of France shall be exempt from the French taxes mentioned in sub-paragraph (a) of paragraph 1 of Article 2 if such property is taxable in the United Arab Emirates by virtue of this Convention. France, however, retains the right to calculate the tax on property that may be taxed in France by virtue of this Convention by using the average rate corresponding to the total property which would be taxable under its domestic laws.

5.The French competent authority may determine the rules for the application of this Article. In particular, such competent authority shall specify insofar as it may be necessary, regarding paragraphs 1 and 3, the proportion according to which the amount of French tax corresponding to the relevant income or capital is calculated when a progressive schedule is applied.

Article 20

Methods for elimination of double taxation with respect to the United Arab Emirates

Double taxation shall be avoided in accordance with the provisions of the laws of the State of the United Arab Emirates.

Article 20A

Non-discrimination

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

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

3.No provision of this Article shall be construed as obliging a State to grant to residents of the other 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.

4.In this Article, the term "taxation" means the taxes covered by this Convention.

Article 21

Mutual agreement procedure

1.Where a person considers that the actions of one or both of the States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the State of which he is a resident. The case must be presented within two years from the first notification of the action resulting in taxation not in accordance with the provisions of the Convention.

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

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

4.The competent authorities of the two States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs. When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take place through a Commission consisting of representatives of the competent authorities of the States.

5.The competent authorities of the States shall settle by mutual agreement the means of application of the Convention, and particularly the formalities which must be completed by the resident of a State in order to obtain in the other State the tax reductions or exemptions provided by the Convention.

Article 21A

Exchange of information

1.The competent authorities of the two States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the States concerning taxes covered by the Convention insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted by Article 1. Any information received by a 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) 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 or not by the Convention. 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 State the obligation:

(a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other 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 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).

Article 22

Diplomatic and consular officers

Nothing in this Convention shall affect the fiscal privileges of members of diplomatic missions and their personal servants, members of consular posts as well as members of permanent delegations to international organisations under the general rules of international law or under the provisions of special agreements.

Article 23

Scope of territorial application

1.This Convention shall apply:

(a) with respect to France, to the European and overseas departments of the French Republic, including the territorial waters and any area outside the territorial waters over which the French Republic may, in accordance with international law, exercise sovereign rights with respect to the exploration for and exploitation of the natural resources of the seabed and the subsoil and the waters above;

(b) with respect to the United Arab Emirates, to the territory of the United Arab Emirates and the islands belonging thereto, including the territorial waters and any area outside the territorial waters over which the State of the United Arab Emirates may, in accordance with international law, exercise sovereign rights with respect to the exploration for and exploitation of the natural resources of the seabed and the subsoil and the waters above.

2.This Convention may be extended, either in its entirety or with any necessary modifications, to the overseas territories and other territorial authorities of the French Republic which impose taxes substantially similar in character to those to which the Convention applies. Any such extension shall take effect from such date as may be specified and agreed between the States in notes to be exchanged through diplomatic channels or in any other manner in accordance with their constitutional procedures. Such agreement shall also provide the necessary modifications to the Convention and the conditions under which it shall be applicable to the overseas territories to which it has been extended.

3.Unless otherwise agreed by both States, the termination of the Convention by one of them under Article 24 shall terminate, in the manner provided for in that Article, the application of the Convention to any territory to which it has been extended under this Article.

Article 24

Entry into force and termination

1.Each of the States shall notify the other of the completion of the procedures required by its laws for the entry into force of this Convention. The Convention shall enter into force on the first day of the second month following the date on which the latter of these notifications has been received.

2.Its provisions shall apply for the first time:

(a) with respect to taxes levied by withholding at source, to amounts credited on or after the date of entry into force of this Convention;

(b) with respect to other taxes on income, to income arising during the calendar year in which the Convention enters into force or pertaining to the financial year ending in that year;

(c) with respect to inheritance taxes, to inheritances from persons dying on or after the day this Convention enters into force;

(d) with respect to the business tax mentioned in Article 7, to the tax imposed for the year in which this Convention enters into force.

3.This Convention shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year after the year 1993. In such event, the Convention shall cease to have effect.

The following provisions of the Convention shall no longer apply as follows:

(a) with respect to taxes levied by withholding at source, to amounts credited at the latest on 31 December of the calendar year at the end of which the Convention shall cease to be in force;
(b) with respect to other taxes on income, to income arising during the calendar year at the end of which the Convention shall cease to be in force or pertaining to the financial year ending in that year;
(c) with respect to taxes on capital, to capital owned on 1 January of the calendar year at the end of which the Convention shall cease to be in force;
(d) with respect to inheritance taxes, to inheritances from persons dying at the latest on 31 December of the calendar year at the end of which the Convention shall cease to be in force;
(e) with respect to the business tax, to the tax imposed for the year for the end of which notice of termination has been given.

In witness whereof the undersigned, duly authorised thereto, have signed this Convention.

Done at Abu Dhabi on 19 July 1989, in duplicate in French and Arabic, both texts being equally authentic.

Any difference with respect to the interpretation or application of this Convention shall be settled through diplomatic channels or by the mutual agreement procedure defined in Article 21 above.