Signed on: 24 November 2010

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

The Government of Georgia and the Government of the United Arab Emirates desiring to promote and strengthen the economic, cultural and scientific relations by concluding an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital,

Have agreed as follows:

Article 1

PERSONS COVERED

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

Article 2

TAXES COVERED

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

2. There shall be regarded as taxes on income and on capital all taxes imposed on total income, on total capital, or on elements of income or of capital, 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 Georgia:
(i) profit tax;
(ii) income tax;
(iii) property tax;
(hereinafter referred to as "Georgian tax");

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

4. This Agreement shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of this Agreement in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their respective taxation laws.

Article 3

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 4

GENERAL DEFINITIONS

1. For the purposes of this Agreement, unless the context otherwise requires:
a) the term "Georgia" means the territory defined by Georgian legislation, including land territory, its subsoil and the air space above it, internal waters and territorial sea, the sea bed, its sub-soil and the air space above them, in respect of which Georgia exercises its jurisdiction and sovereignty, as well as the contiguous zone, the exclusive economic zone and continental shelf adjacent to its territorial sea, in respect of which Georgia may exercise its sovereign rights and jurisdiction in accordance with the international law;
b) the term "United Arab Emirates" means the territory of the United Arab Emirates which is under its sovereignty as well as the area outside the territorial water, airspace and submarine areas over which the United Arab Emirates exercises, sovereign and jurisdictional rights in respect of any activity carried on in its water, sea bed, sup soil, in connection with the exploration for or the exploitation of natural resources by virtue of its law and international law;

c) the terms “a Contracting State” and “the other Contracting State” mean Georgia or the United Arab Emirates as the context requires;

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

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

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

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

h) the term “competent authority” means:
   (i) in the case of Georgia, the Ministry of Finance or its authorised representative;
   (ii) in the case of the United Arab Emirates the Ministry of Finance or its authorised representative;

i) the term "national" in relation to a Contracting State means:
   (i) any individual possessing the citizenship of that Contracting State;
   (ii) any legal person or partnership deriving its status as such from the laws in force in that Contracting State;

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

Article 5

RESIDENT

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

a) in the case of Georgia:
   any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management 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 or capital situated therein.

b) in the case of the UAE :

(i) an individual who under the laws of the UAE or of any political subdivision or local government thereof is a national;

(ii) any person other than an individual that is incorporated or otherwise recognized under the laws of the UAE or any political subdivision or local government thereof;

2. For the purposes of paragraph 1, a resident of a Contracting State includes:

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

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

c) a qualified government entity;

d) a pension fund;

e) charities or religious, educational and cultural organizations.

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

a) he shall be deemed to be a resident only of the 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 (centre of vital interests);

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

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

4. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident only of the State in which its place of effective management is situated.

Article 6

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) A mine, an oil or gas well, a quarry or any other place of exploration extraction exploitation of natural resources or any activities related thereof including an offshore drilling site.

3. a building site, a construction, assemble or installation project or supervisory activities in connection therewith or drilling rig or ship used for the exploring or exploiting of natural resources constitute a permanent establishment only if such site, project or activities continue for a period of more than 6 months.

4. the furnishing of services, including consultancy or managerial services, by an enterprise of a Contracting State through employees or other personnel engaged by the enterprise for such purpose, in the other Contracting State constitutes a permanent establishment only if activities of that nature continue for a period or periods aggregating more than 6 months.

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

a) the use of facilities solely for 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)* of this paragraph, provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

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

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 State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

Article 7

INCOME FROM IMMOVABLE PROPERTY

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

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

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

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

5. The provisions of paragraphs 1 and 3 of this article shall not apply if the beneficial owner of the

income is the State itself or local authorities, political-administrative subdivision, local governments or their financial institution.

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

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

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

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

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

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

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Article 9

SHIPPING AND AIR TRANSPORT

Notwithstanding the provisions of Article 8 of this Agreement:

1. Profits from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated..

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

3. For the purposes of this Article profits from the operation of ships or aircraft in international traffic include:

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

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

4. In case of the United Arab Emirates the provisions of paragraph 1 of this Article shall also apply to profits derived from:
    a) The participation in a pool, a joint business or an international operating agency.
    b) selling of tickets on behalf of another enterprise
    c) income from training schemes
    d) Income from selling of technical engineering to a third party.
    e) Income deriving from deposits at the Bank, bonds. Shares stocks and other debentures.

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, or
    b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

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

2. Where a Contracting State includes in the profits of an enterprise of that State - and taxes accordingly - profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this 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 and beneficially owned by the resident of the other Contracting State shall be taxable only in that other State.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

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

3. The provisions of paragraph 1 shall not apply if the recipient of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident through a permanent establishment situated therein, or performs in that other 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 place. In such case the provisions of Article 8 or Article 15 of this Agreement shall apply.

4. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except

insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed place situated in that other State, nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

Article 12

INTEREST

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

2. 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 payment shall not be regarded as interest for the purpose of this Article.

3. The provisions of paragraph 1 shall not apply if the recipient of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, or performs in the other State independent personal services from a fixed place situated therein and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed place. In such case the provisions of Article 8 or Article 15 of this Agreement shall apply.

4. Interest shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed place 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 place, then such interest shall be deemed to arise in the State in which the permanent establishment or fixed place is situated.

5. Where, by reason of a special relationship between the payer and the recipient 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 recipient 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 13

ROYALTIES

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

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 of literary, artistic or scientific work including cinematograph films, any patent, trade mark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience.

3. The provisions of paragraphs 1 shall not apply if the recipient of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed place situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed place. In such case the provisions of Article 8, or Article 15 of this Agreement shall apply.

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

5. Where, by reason of a special relationship between the payer and the recipient 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 recipient 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 7 and situated in the other Contracting State may be taxed in that other Contracting State, but the tax so charged shall be reduced by an amount equal to 50% (fifty percent) of such tax.

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

property pertaining to a fixed place 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 place, may be taxed in that other State.

3. Gains 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 in which the place of effective management is situated.

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

Article 15

INDEPENDENT PERSONAL SERVICES

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

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 16

INCOME FROM EMPLOYMENT

1. Subject to the provisions of Articles 17, 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 State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived there from may be taxed in that other State.

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

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

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

4 An individual who is both a national of a Contracting State and an employee of an enterprise of that Contracting State the principal business of which consists of the operation of aircraft in international traffic and who derives remuneration in respect of duties performed in the other Contracting State shall be taxable only in that Contracting State on remuneration derived from his employment with that enterprise

Article 17

DIRECTORS' FEES

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

Article 18

ARTISTES AND SPORTSMEN

1. Notwithstanding the provisions of Articles 8, 15 and 16 of this Agreement, 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 of this Agreement, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.

3. Notwithstanding the preceding provisions of this Article, income derived by entertainers or sportsmen who are residents of a Contracting State from the activities exercised in the other Contacting State under a plan of cultural exchange between the Governments of both Contracting States shall be exempt from tax in that other State.

Article 19

PENSIONS

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

Article 20

GOVERNMENT SERVICE

1. a) Salaries, wages and other similar remuneration, paid by a Contracting State or a political-administrative subdivision, or a local government or local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.

   b) However, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State who:

   (i) is a national of that State; or

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

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

   b) However, such pension and other similar remuneration shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that State.

3. The provisions of Articles 16, 17, 18, and 19 shall apply to salaries, wages, pensions, and other similar remuneration in respect of services rendered in connection with a business carried on by a Contracting State or a political-administrative subdivision, local government or a local authority thereof.

Article 21

STUDENTS

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

2. Remuneration which a student or business apprentice who is or was immediately before visiting a Contracting State a resident of the other Contracting State derives from an employment which he exercises in the first-mentioned State for a period or periods not exceeding in the aggregate 183 days in the fiscal year concerned shall not be taxed in the first-mentioned State if the employment is directly related to his studies or apprenticeship carried out in that other State.

Article 22

OTHER INCOME

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

2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 7 of this Agreement, if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein or performs in that other State independent personal services from a fixed place situated therein and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed place. In such case the provisions of Article 8 or Article 15 of this Agreement shall apply.

3. Notwithstanding the provisions of paragraphs 1 and 2, items of income derived by an individual who is a resident of a Contracting State and arising in the other Contracting State may be taxed in that other State.

Article 23

INCOME OF GOVERNMENT & INSTITUTIONS

1. Notwithstanding any other provisions in this Agreement except Article 3, the Government of the Contracting State shall be exempt from tax in the other Contracting State in respect of any income derived by such Government from that other Contracting State.

2. For the purposes of paragraph 1 of this Article, the term "Government":

a) in the case of Georgia:
(i) the Government, or a local authority;

(ii) the National Bank of Georgia; and

(iii) any other governmental agencies, political subdivisions, or institutions of Georgia as may be specified and agreed to in an exchange of letters between the competent authorities of the Contracting States.

b) In the case of the UAE, means the Government of the United Arab Emirates, and shall include:
(i) the political subdivisions, the local authorities, the local administrations, and the local governments;
(ii) the Central Bank of the UAE, Abu Dhabi Investment Authority, Abu Dhabi Development Fund, Abu Dhabi Investment Council, Emirates Investment Authority, Dubai World and pension Fund;
(iii) any such institution or body as may be agreed from time to time between the two Contracting States.

Article 24

CAPITAL

1. Capital represented by immovable property referred to in Article 7 of this Agreement, owned by a resident of a Contracting State and situated in the other Contracting State, may be taxed in that other State.

2. Capital represented by 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, may be taxed in that other State.

3. Capital represented by ships and aircraft operated in international traffic by an enterprise of a Contracting State and by movable property pertaining to the operation of such ships and aircraft, shall

be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

4. All other elements of capital of a resident of a Contracting State shall be taxable only in that State.

Article 25

ELIMINATION OF DOUBLE TAXATION

1. a) Where a resident of Georgia derives income or owns capital which, in accordance with the provisions of this Agreement, may be taxed in the UAE, Georgia shall allow:
   (i) as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in the UAE
   (ii) as a deduction from the tax on the capital of that resident, an amount equal to the capital tax paid in the UAE

   Such deduction in either case shall not, however, exceed the sums of the tax which would have been accrued according to the rules and rates on this income and capital effective in Georgia;

   b) Where in accordance with any provision of the Agreement income derived or capital owned by a resident of a Georgia is exempt from tax in Georgia, Georgia may nevertheless, in calculating the amount of tax on the remaining income or capital of such resident, take into account the exempted income or capital.

2. in case of the UAE :
   a) Where a resident of UAE derives income or owns capital which, in accordance with the provisions of this Agreement, may be taxed in the Georgia, UAE shall allow:
   (i) as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in Georgia
   (ii) as a deduction from the tax on the capital of that resident, an amount equal to the capital tax paid in the Georgia

   Such deduction in either case shall not, however, exceed the sums of the tax which would have been accrued according to the rules and rates on this income and capital effective in UAE;

   b) Where in accordance with any provision of the Agreement income derived or capital owned by a resident of UAE is exempt from tax in UAE, UAE may nevertheless, in calculating the amount of tax on the remaining income or capital of such resident, take into account the exempted income or capital.

Article 26

NON-DISCRIMINATION

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

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

3. Notwithstanding the provisions of paragraphs 1 , 2 and 3 nothing in this Article shall affect the right of either Contracting State to grant an exemption or reduction of taxation in accordance with its domestic laws, regulations or administrative practices to its own nationals who are residents of that other Contracting State. Such exemption or reduction, however, shall not apply in respect of such proportion of the capital of companies owned by persons who are nationals of the other Contracting State.

4. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

5. Except where the provisions of paragraph 1 of Article 10, paragraph 5 of Article 12, or paragraph 5 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. Similarly, any debts of an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable capital of such enterprise, be deductible under the same conditions as if they had been contracted to a resident of the first-mentioned State.

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

7. 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 other State or its residents by virtue of the formation of a customs union, economic union, special agreements, a free trade area or by virtue of any regional or sub regional arrangements relating wholly or mainly to movement of capital and/or taxation to which the first mentioned Contracting State may be a party.

8. The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description.

Article 27

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

Article 28

MUTUAL AGREEMENT PROCEDURE

1. Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 26, to that of the Contracting State of which he is a national. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of this Agreement.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in

accordance with this Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of this Agreement. They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.
4. The competent authorities of the Contracting States may communicate with each other directly, including through a joint commission consisting of themselves or their representatives, for the purpose of reaching an agreement in the sense of the preceding paragraphs.

Article 29

EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Agreement or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political-administrative subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Agreement. The exchange of information is not restricted by Articles 1 and 2.

2. Any information received under paragraph 1 by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

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

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

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

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

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

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

Article 30

MEMBERS OF DIPLOMATIC MISSIONS AND CONSULAR POSTS

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

Article 31

AMENDMENTS

Upon mutual agreement of the Contracting states, amendments and additions may be introduced to this Agreement, arranged as separate Protocols and making integral parts of this Agreement. These amendments shall enter into force subject to the provisions of the Article 32 of this Agreement.

Article 32

ENTRY INTO FORCE

1. Each of the Contracting States shall notify in written form the other through diplomatic channels of the completion of the procedures required by its law for the entry into force of this Agreement.
2. This Agreement shall enter into force on the date of receipt of the later notification indicating the completion of the legal procedures necessary for the entry into force of this Agreement. This Agreement shall have effect:

a) in respect of taxes withheld at source, to income derived on or after 1 January of the calendar year next following the year in which the Agreement enters into force;

b) in respect of other taxes on income and on capital chargeable for any taxable year beginning on or after 1 January of the calendar year next following the year in which the Agreement enters into force.

Article 33

TERMINATION

This Agreement shall remain in force until terminated by a Contracting State. Either of the Contracting State may after the expiration of a period of five years from the date of its entry into force, terminate this Agreement, by giving written notice of termination to the other Contracting State through the diplomatic channels at least six months before the end of any calendar year. In such event, this Agreement shall cease to have effect:

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

ii) in respect of other taxes on income and on capital chargeable for any taxable year beginning on or after 1 January of the calendar year next following the year in which the notice is given.

PROTOCOL

At the time of signing this Agreement between Georgia and the United Arab Emirates for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital, the undersigned have agreed that the following provisions shall form an integral part of this Convention:

1. With reference to Article 10:

It is understood that the rewriting of transactions between associated enterprises of a Contracting State shall be subject to the prior consultation between the competent authorities of the Contracting States, however no rewriting of accounts of associated enterprises is authorized if the transaction between such enterprises have taken place on arms-length basis.

2. With reference to Article 14:

For the purpose of the interpretation of Article 14, it is understood that Article 14.4 includes capital gains from the alienation of shares or comparable interest in a company, other than those referred to in article 14, derived by a resident of a Contracting State, including the government financial institutions or investment companies of that State.