Date of signature: 24 July 2019

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

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

Intending to eliminate double taxation with respect to the taxes covered by this Agreement without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty shopping arrangements aimed at obtaining reliefs provided in this Agreement for the indirect benefit of residence of third jurisdictions)

Have agreed as follows:

Article 1
Personal Scope

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

2. This Agreement shall not affect the taxation by Indonesia of its residents, except with respect to the benefits granted under paragraph 3 of Article 7, paragraph 2 of Article 9, or Articles 17, 21, 23, 24, 25, or 27 of this Agreement.

Article 2
Taxes Covered

1. This Agreement shall apply to taxes on income imposed on behalf of a Contracting State, or its political subdivisions or local authorities irrespective of the manner in which they are levied.
2. There shall be regarded as taxes on income all taxes imposed on total income, or on elements of income, including taxes on gains from alienation of movable or immovable property.
3. The existing taxes to which this Agreement shall apply are:

a) in the case of Indonesia:

the income tax imposed under the Undang-undang Pajak Penghasilan 1984 (Law No. 7 of 1983 as amended) (income tax laws)
(hereinafter referred to as Indonesian tax);

b) in the case of the United Arab Emirates:
income tax, corporation tax
(hereinafter referred to as United Arab Emirates tax).

4. This Agreement shall also apply to any identical or substantially similar taxes which are imposed after the date of signature of this Agreement in addition to, or in place of, the existing taxes referred to in paragraph 2. The competent authorities of the Contracting States shall notify each other of any substantial changes which are made in their respective taxation laws within a reasonable period of time after such changes.

Article 3
General definitions

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

a) the terms a "Contracting State" and "the other Contracting State" mean, as the context requires, the United Arab Emirates or the Republic of Indonesia;

b) the term "Indonesia" comprises the territory of the Republic of Indonesia as defined in its laws and the adjacent areas over which the Republic of Indonesia has sovereignty, sovereign rights or jurisdiction in accordance with the provisions of the United Nations Convention on the Law of the Sea, 1982;

c) the term "United Arab Emirates", means the United Arab Emirates and, when used in the geographical sense, means its territory, including islands, territorial sea, and any other area in the sea or in the air within which the United Arab Emirates exercises under its law and in conformity with international law, sovereign rights or its jurisdiction;

d) the term "tax" means United Arab Emirates tax or Indonesian tax as the context requires;

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

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

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

h) the term "national" means all individuals possessing the nationality of a Contracting State and all legal persons, partnerships and associations deriving their status as such from the law in force in a Contracting State;

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

3. The term "competent authority" means:

(i) in the case of the Republic of Indonesia, the Minister of Finance or his authorised representative; and

(ii) in the case of the United Arab Emirates, the Minister of Finance or his authorised representative.

4. In the application of this Agreement by either of the Contracting States, any term not defined therein shall -- unless the context otherwise requires -- have the meaning which it has under the laws of that State concerning the taxes to which the Agreement applies.

Article 4
Resident

1. For the purposes of this Agreement, the term "resident of a Contracting State" means:
   a. In the case of Indonesia, any person who, under the tax laws of Indonesia is liable to tax therein by reason of his domicile, residence, place of incorporation, place of management or any other criterion of similar nature;
   b. In the case of the United Arab Emirates:
      1) A United Arab Emirates national or an individual who is under the laws of the United Arab Emirates, is considered as a resident of the United Arab Emirates; and
      2) Any person other than an individual that is incorporated under the laws of the United Arab Emirates or any political subdivision, local government or local authority thereof.

2. Where by reason of the provisions of paragraph 1 an individual is deemed to be a resident of both Contracting States, then his status shall be defined 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 Contracting States, he shall be deemed to be a resident 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 does not have a permanent home available to him in either Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;

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

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

3. Where by reason of the provisions of this Agreement a person other than individual is a resident of more than one Contracting States, the competent authorities of the Contracting State shall endeavor to determine by mutual agreement the Contracting State of which such person shall be deemed to be a resident for the purposes of this Agreement, having regards to its place of effective management, the place where its incorporated, or otherwise constituted or any other relevant factors.

Article 5
Permanent establishment

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

2. The term "permanent establishment" shall include specifically:
   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 extraction of natural resources, drilling or working ships used for exploration and exploitation of natural resources;
   g) a farm or plantation;

3. The term "permanent establishment" likewise encompasses:
   a) a building site, a construction, assembly or installation project or supervisory activities in connection therewith, but only where such site, project or activities continue for a period of more than six months

   b) the furnishing of services, including consultancy services, by an enterprise of a Contracting State through employees or other personnel in the other Contracting State, provided that such activities continue for the same project or a connected project for a period or periods aggregating more than six months

4. Notwithstanding the 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 or display of goods or merchandise belonging to the enterprise;
    b. the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage or display;
    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 for collecting information, for the enterprise;
    e. the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity;
    f. the maintenance of a fixed place of business solely for any combination of activities mentioned in sub-paragraphs (a) to (e),

provided that such activity or, in the case of subparagraph f), the overall activity of the fixed place of business, is of a preparatory or auxiliary character.

4.1 Paragraph 4 shall not apply to a fixed place of business that is used or maintained by an enterprise if the same enterprise or a closely related enterprise carries on business activities at the same place or at another place in the same Contracting State and:

a) the place or other place constitutes a permanent establishment for the enterprise or the closely related enterprise under the provisions of this Article, or
b) the overall activity resulting from the combination of the activities carried on by the two enterprises at the same place, or by the same enterprise or closely related enterprises at the two places, is not of a preparatory or auxiliary character,

Provided that the business activities carried on by the two enterprises at the same place, or by the same enterprise or closely related enterprises at the two places, constitute complementary functions that are part of a cohesive business operation.

5. Notwithstanding the provisions of paragraphs 1 and 2, a person acting in a Contracting State on behalf of an enterprise of the other Contracting State -- other than an agent of an independent status to whom paragraph 6 applies -- shall be deemed to be a permanent establishment in the first-mentioned State if:

a. he has in the first-mentioned State a general authority to negotiate and conclude contracts for or on behalf of such enterprise, or
b. he maintains in the first-mentioned State a stock of goods or merchandise from which he regularly sells goods or merchandise for or on behalf of such enterprise.

5.1 Notwithstanding the provisions of paragraphs 1 and 2 but subject to the provisions of paragraph 6, where a person is acting in a Contracting State on behalf of an enterprise and, in doing so, habitually concludes contracts, or habitually plays the principal role leading to the conclusion of contracts that are routinely concluded without material modification by the enterprise, and these contracts are

a. in the name of the enterprise, or
b. for the transfer of the ownership of, or for the granting of the right to use, property owned by that enterprise or that the enterprise has the right to use, or
c. for the provision of services by that enterprise,

that enterprise shall be deemed to have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business (other than a fixed place of business to which paragraph 4.1 would apply), would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

6. A broker, a commission agent or other agent of genuinely independent status who merely acts as an intermediary between an enterprise of one of the Contracting States and a prospective customer in the other Contracting State shall not be deemed to be a permanent establishment in that other Contracting State provided that such persons are acting in the ordinary course of their business. However, when the activities of such an agent are devoted wholly or almost wholly on behalf of that enterprise, he will not be considered an agent of an independent status within the meaning of this paragraph.

7. 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 a company or a permanent establishment of the other.

8. For the purpose of this Article, a person or enterprise is closely related to an enterprise if one has control of the other or both are under the control of the same persons or enterprises, including if:
   a. one possesses directly or indirectly more than 50 per cent of the beneficial interest in the other, or in the case of a company, having more than 50 per cent of the aggregate vote and value of the company's shares or of the beneficial equity interest in the company; or
   b. another person or enterprise possesses directly or indirectly more than 50 per cent of the beneficial interest, or in the case of a company, having more than 50 per cent of the aggregate vote and value of the company's shares or of the beneficial equity interest in the company in the person and the enterprise or in the two enterprises.

Article 6
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 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 law respecting landed property apply, buildings, 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 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.

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

Article 7
Business profits

1. The profits of an enterprise of a Contracting State shall only be taxable 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*:*
   a) that permanent establishment;
   b) sales in that other State of goods or merchandise of the same or similar kind as those sold through that permanent establishment; or
   c) other business activities carried on in that other State of the same or similar kind as those effected through that permanent establishment.

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

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

4. In so far as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total

profits of the enterprise to its various parts, nothing in this Article shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the methods 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 the permanent establishment of goods or merchandise for the enterprise.

6. For the purpose 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 a 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.

Article 8
Shipping and Air Transport

1. Notwithstanding the provision of paragraph 1 of Article 7, profits derived by an enterprise of a Contracting State from the operation of ships or aircraft in international traffic in the other Contracting State shall be taxable only in the first-mentioned Contracting State.

2. For the purpose of this Article, profits from the operation of ships or aircraft in international traffic shall include:
   a) profits derived occasionally from the rental on a bareboat basis of ships or aircraft used in international traffic;
   b) profits derived from the use or rental of containers, if such profits are supplementary or incidental to the profits to which the provisions of paragraph 1 apply;
   c) interest on funds directly connected with such operation.

3. The provisions of paragraphs 1 and 2 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

Article 9
Associated enterprises

1. Where:

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

b) the same persons participated 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 paid to the other provisions of this Agreement and the competent authorities of the Contracting States shall if necessary consult each other.

3. A Contracting State shall not change the profits of an enterprise in the circumstances referred to in paragraph 2 after the expiry of the time limits provided in its tax laws.

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

Article 10
Dividends

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other Contracting State.

2. However such dividends may also be taxed in the Contracting State in which the company paying the dividends is a resident and according to the laws of that State; but if the recipient is the beneficial owner of the dividend, the tax so charged shall not exceed 10% (ten percent) of the gross amount of the dividends.

3. The provisions of paragraph 2 shall not affect the taxation of the company in respect of the profits out of which the dividends are paid with due consideration to the law for foreign investment in either of the Contracting States.

4. Notwithstanding the provisions of paragraphs 1, 2, and 3, dividends arising in a Contracting State and paid to the Government of the other Contracting State shall be exempt from tax in the first-mentioned Contracting State.

5. 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.

6. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment or 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 7 or Article 14 as the case may be shall apply.

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

8. Notwithstanding any other provisions of this Agreement, where a company which is a resident of a Contracting State has a permanent establishment in the other Contracting State, the profits of the permanent establishment may be subjected to an additional tax in that other State in accordance with its law, but the additional tax so charged shall not exceed 5% (five percent) of the amount of such profits after deducting therefrom income tax and other taxes on income imposed thereon in that other State.

Article 11
Interest

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other Contracting State.

2. However, such interest may be taxed in the Contracting State in which it arises and according to the law of that State, but if the recipient is the beneficial owner of the interest, the tax so charged shall not exceed 7% (seven percent) of the gross amount of the interest.
3. Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State and derived by the Government of the other Contracting State including local authorities thereof, a political subdivision, the Central Bank or any financial institution controlled by that Government, or interest derived on loans guaranteed by that Government shall be exempt from tax in the first-mentioned State.

4. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by a mortgage, and whether or not carrying a right to

participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payments shall not be regarded as interest for the purpose of this Article.

5. The provisions of paragraph 1 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment or fixed base situated therein, or the person that performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid effectively connected with such permanent establishment or fixed base, in such case the provisions of Article 7 and Article 14, as the case may be, shall apply.

6. Interest shall be deemed to arise in a Contracting State when the payer is the Government of that State, a political subdivision, a local authority thereof, or a resident of that State. Where, however, the person paying the interest, whether he is resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base then such interest shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

7. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being given to the other provisions of this Agreement.

Article 12
Royalties

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the recipient is the beneficial owner of the royalties then the tax so charged shall not exceed 5% (five percent) of the gross amount of such royalties.

3. The term "royalties" as used in this Article means payment 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 the use of, or the right to use, industrial, commercial, or scientific equipment, or for information concerning industrial, commercial or scientific experience but the term royalties does not include payment in respect of the operation of mines or quarries or exploitation of natural resources or related activities.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment located 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 directly connected with such permanent establishment or fixed base. In such case the provisions of Articles 7 or 14, as the case may be shall apply.

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

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

Article 12 A

Fees For Technical Services

1. Fees for technical services arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.
2. However, notwithstanding Article 14 and subject to the provisions of Articles 8, 16 and 17, fees for technical services arising in a Contracting State may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the beneficial owner of the fees is a resident of the other Contracting State, the tax so charged shall not exceed 5% (five per cent) of the gross amount of the fees.
3. The term "fees for technical services" as used in this Article means any payment in consideration for any service of a managerial, technical or consultancy nature, unless the payment is made:
   (a) to an employee of the person making the payment;
   (b) for teaching in an educational institution or teaching by an educational institution; or
   (c) by an individual for services for the personal use of an individual.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of fees for technical services, being a resident of a Contracting State, carries on business in the other Contracting State in which the fees for technical services arise through a permanent establishment situated in that other State, or performs in the other Contracting State independent personal services from a fixed base situated in that other

State, and the fees for technical services are effectively connected with:

(a) such permanent establishment or fixed base, or

(b) business activities referred to in (c) of paragraph 1 of Article 7.

In such cases the provisions of Article 7 or Article 14, as the case may be, shall apply..

5. For the purposes of this Article, subject to paragraph 6, fees for technical services shall be deemed to arise in a Contracting State if the payer is a resident of that State or if the person paying the fees, whether that person is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the obligation to pay the fees was incurred, and such fees are borne by the permanent establishment or fixed base.
6. For the purposes of this Article, fees for technical services shall be deemed not to arise in a Contracting State if the payer is a resident of that State and carries on business in the other Contracting State through a permanent establishment situated in that other State or performs independent personal services through a fixed base situated in that other State and such fees are borne by that permanent establishment or fixed base.
7. Where, by reason of a special relationship between the payer and the beneficial owner of the fees for technical services or between both of them and some other person, the amount of the fees, having regard to the services 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 fees shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

Article 13

Gains from the alienation of property

1. Gains derived by a resident of a Contracting State from the alienation of immovable property, as defined in paragraph 2 of Article 6, and situated in the other Contracting State may be taxed in the Contracting State in which such property is situated.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment or a fixed base which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the

purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base, may be taxed in that other State.

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

4. Gains derived by a resident of a Contracting State from the alienation of shares of a company or comparable interests, may be taxed in the other Contracting State if, at any time during the 365 days preceding the alienation, these shares or comparable interests derived at least 50 per cent of their value directly or indirectly from immovable property, as defined in Article 6, situated in that other Contracting State unless the alienation of shares are carried out through a recognized securities market.

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

Article 14
Independent Personal Services

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

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

Article 15
Dependent Personal Services

1. Subject to the provisions of Articles 19, 20, 21, salaries, wages and other similar remuneration derived by resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

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

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

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

Article 16
Teachers and Researchers

An individual who is a resident of a Contracting State immediately before making a visit to the other Contracting State and who, at the invitation of any university, college, school or other similar educational institution or scientific research institution visits that other State for a period not exceeding three years solely for the purpose of teaching or research or both at such educational institution or scientific research institution shall be exempted from tax

for a period not exceeding three years in that other State on any remuneration for such teaching or research which is subject to tax in the first-mentioned State.

Article 17
Students and trainees

1. A student or business apprentice who, immediately before visiting a Contracting State, is or was a resident of the other Contracting State and who is present in the first-mentioned Contracting State for the purpose of his education or training shall be exempt from tax in that first-mentioned Contracting State on:
   a) payments made to him by persons residing outside that first- mentioned Contracting State for the purpose of his maintenance, education or training; and
   b) remuneration from employment in that first-mentioned Contracting State, provided that such employment being a full time employment lasts not more than 183 days in the years of assessment.

2. An individual who, immediately before visiting a Contracting State is or was a resident of the other Contracting State and who is temporarily present in the first-mentioned State primarily for the purpose of study, research or training as a recipient of a grant, allowance or award from a scientific, educational, religious or charitable organization or under a technical assistance programme entered into by the Government of a Contracting State shall, from the date of his arrival in the first-mentioned State in connection with that visit, be exempt from tax in the State, for a period not exceeding the period of the grant.

Article 18
Artists and athletes

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as a public entertainer, such as a theatre, motion picture, radio or television artist, or a musician, or as an athlete, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State in which these activities are performed.

2. Where income in respect of personal activities exercised by an entertainer or an athlete in his capacity as such accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.

3. Income derived from such activities performed within the framework of cultural agreements concluded between the Contracting States are reciprocally exempted from tax only if such activities are sponsored by the Government of a Contracting State or activities financed by public funds and charges which are of non-profitable character or function and the activities are not carried out for the purpose of profits.

Article 19
Directors' fees

1. Directors' fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the Board of Directors or any other similar organ of a company which is a resident of the other Contracting State may be taxed in that other State.
2. Salaries, wages and other similar remuneration derived by a resident of a Contracting State in his capacity as an official in a top-level managerial position of a company which is a resident of the other Contracting State may be taxed in that other State.

Article 20
Pensions and annuities

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

2. The term pensions, annuities and other similar remuneration as used in this Article means periodic payments made after retirement in consideration of past employment or by way of the compensation for injuries received in connection with past employment.

Article 21
Government services

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

   b) However, such remuneration shall be taxable only in the other Contracting State if the services are rendered in that State, and the individual is a resident of that State 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) Any pension paid by, or out of funds created by, a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or local authority shall be taxable only in that State.

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

3. The provisions of Articles 15, 19 and 20 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or a local authority thereof.

Article 22
Other income

1. Items of income of a resident of a Contracting State, wherever arising, which are not expressly 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, derived by a resident of a Contracting State, if this resident carries on business in the other Contracting State

through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

3. Notwithstanding the provisions of paragraphs 1 and 2, items of income of a resident of a Contracting State not dealt with in the foregoing Articles of this Agreement and arising in the other Contracting State may also be taxed in that other State.

Article 23
Elimination of double taxation

1. The laws in force in either of the Contracting States shall continue to govern the taxation of income in the respective Contracting States.

2. Where a resident of a Contracting State derives income from the other Contracting State, the amount of tax on that income payable in that other Contracting State in accordance with the provisions of this Agreement, may be credited against the tax levied in the first-mentioned Contracting State imposed on that resident. The amount of credit, however, shall not exceed the amount of the tax on the first-mentioned Contracting State on that income computed in accordance with its taxation laws and regulations.

Article 24
Non-discrimination

1. The 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 that which the nationals of the other State in the same circumstances are or may be subjected.

2. The taxation or relief of 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 Contracting State than the taxation levied on enterprise of that other State carrying on the same activities in the same circumstances and under the same methods.

3. a) This Article shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibility or otherwise which it grants to its own residents.

   b) 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, a free trade area or by virtue of any regional or sub-regional arrangement relating wholly or mainly to taxation, to which the first-mentioned State may be a party pursuant to the practice of either Contracting State.

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

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

Article 25
Mutual agreement procedure

1. Where a resident of a Contracting State 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, without prejudice to the remedies provided by the national laws of those States, address to the competent authority of the Contracting State of which he is a resident an application in writing stating the grounds for claiming the revision of such taxation. To be admissible, the said application must be submitted within

two years from the first notification of the action resulting in taxation not in accordance with this Agreement.

2. The competent authority of the Contracting State shall endeavour, if the objection appears to it to be justified and if it is not by itself able to arrive at an appropriate 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 not in accordance with this Agreement.

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 elimination of double taxation in cases not provided for in this Agreement.

4. The competent authorities of the Contracting States shall when necessary communicate with other directly for the purpose of applying this Agreement and reaching an agreement in the sense of the preceding paragraphs.

Article 26
Exchange of information

1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Agreement or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Agreement. In particular, information shall be exchanged that would be helpful to a Contracting State in preventing avoidance or evasion of such taxes. The exchange of information is not restricted by Articles 1 and 2.

2. Any information received under paragraph 1 by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution

in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions. Notwithstanding the foregoing, information received by a Contracting State may be used for other purposes when such information may be used for such other purposes under the laws of both States and the competent authority of the supplying State authorises such use.

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

Article 27
Diplomatic and consular officials

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

Article 28
Income from Hydrocarbons

Notwithstanding any other provision of this Agreement, nothing shall affect the rights of the Contracting States or any of their local Governments or local authorities thereof to apply their domestic laws and regulations as well as the terms and conditions of any contracts, including production sharing contracts, related to the taxation of income and profits derived from hydrocarbons, oil and gas, or other mining sectors.

Article 29
Principle Purpose Test

Notwithstanding the other provisions of this Agreement, a benefit under this Agreement shall not be granted in respect of an item of income or capital if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this Agreement.

Article 30
Entry Into Force

1. This Agreement shall be subjected to ratification in accordance with the applicable procedures of each Contracting State and instruments of ratification shall be exchanged as soon as possible.

2. The Agreement shall enter into force upon the exchange of instruments of ratification and its provisions shall have effect:

   (a) in respect of tax withheld at the source to income derived on or after 1 January in the year next following that in which the Agreement enters into force; and;

(b) in respect of other taxes on income, for taxable years beginning on or after 1 January in the year next following that in which the Agreement enters into force.

3. At the date of the entry into force of this Agreement, the Agreement between the Government of the Republic of Indonesia 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, along with its Protocol, signed in Jakarta at 30 November 1995, shall cease to have effect with respect to the taxes to which the provisions of this Agreement apply in accordance with the provisions of paragraph 2 of this Article.

Article 31
Termination

This Agreement shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Agreement, through diplomatic channels, by giving written notice of termination on or before the thirtieth day of June of any calendar year.

In such case, the Agreement shall cease to have effect:

a) in respect of tax withheld at source to income derived on or after 1 January in the year next following that in which the notice of termination is given;
b) in respect of other taxes on income, for taxable years beginning on or after 1 January in the year next following that in which the notice of termination is given.

PROTOCOL

At the moment of signing the Agreement between the United Arab Emirates and the Republic of Indonesia for the Avoidance of Double Taxation and the prevention of fiscal evasion with respect to taxes on income, the undersigned have agreed that the following provisions shall form an integral part of the Agreement.

Ad Article 4:

It is understood that the term "resident of a Contracting State" used in the first sentence of paragraph 1 includes that State itself, any political subdivision or local authority thereof as well as any financial institution of, and controlled by that State, political subdivision or local authority.

Ad Article 10 and Article 11:

With respect to paragraph 4 of Article 10 and paragraph 3 of Article 11 of this Agreement, it is understood that the Contracting State, means :

i. In case of the United Arab Emirates:

1. Central Bank of the United Arab Emirates;
2. Abu Dhabi Investment Authority;
3. Emirates Investment Authority;
4. Mubadala Investment Company;

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

ii. In the case of Republic of Indonesia:
    1. Bank Indonesia (the Central Bank of Indonesia);
    2. PT. Saran Multi Infrasuktur (Indonesia State Owned Infrastructure Financing Company);
    3. Lembaga Pembiayaan Ekspor Indonesia (the Indonesia Eximbank); and
    4. Lembaga Penjamin Simpanan (Indonesia Deposit Insurance).

any other entity the capital of which is wholly directly or indirectly owned by the Government of the Republic of Indonesia, including a political subdivision and local authority thereof as may be agreed upon from time to time between the Governments of the Contracting States through notifications by the competent authorities

Ad Articles 8:

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 where the enterprise is resident.

Ad Article 13 :

1. With respect to Article 13 of this Agreement, it is understood that paragraphs 4 and 5 of Article 13 of this Agreement does not apply to income tax imposed to the alienation of shares carried out through recognized securities markets.
2. With reference to paragraph 4 of Article 13 of the Agreement, it is understood that the term "recognized securities market" means:

a) In case of the United Arab Emirates:
   i. Dubai Financial Market;
   ii. Abu Dhabi Securities Exchange;
   iii. NASDAQ Dubai;
   iv. Abu Dhabi Global Market; and

   any other stock exchange which the competent authorities of the Contracting States agree to recognize for the purposes of that Article.

b) In case of the Republic of Indonesia:

i. Bursa Efek Indonesia (Indonesia Stock Exchange)

Ad Article 26:

With respect to Article 26, it is understood that exchange of information for non-tax purposes can be exchange only if the following conditions are cumulatively met:

a. The competent authority of requesting State should specify the competent authority of the supplying State the other purposes to which it wishes to use the information;
b. To identify the authorities with which the requesting State to share the information of tax for additional non tax purposes;
c. If the laws of the supplying State allow such exchange of information for non-tax purposes; and
d. The supplying State authorizes such use.