جمهورية إيطاليا

Republic of Italy

C O N V E N T I O N

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

the Government of the United Arab Emirates and the Government of the Republic of Italy,

Desiring to conclude a Convention to avoid double taxation with respect to taxes on income and to prevent fiscal evasion

Have agreed upon the following measures:

Chapter I

Scope of the Conventoin

Article 1

PERSONAL SCOPE

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

Article 2
TAXES COVERED

1 . This Convention shall apply to taxes on income imposed on behalf of each Contracting State or of its political or administrative subdivisions or local authorities . irrespective of the manner in which they are levied.

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

3. The existing taxes to which the Convention shall apply are in particular:

a) in the case of United Arab Emirates:
   1 - the income tax on legal and natural person ;,
   2 - the corporation tax

whether or not they are collected by withholding at source . (herinafter referred to as "U A E tax").

b) in the case of Italyl:
   1 - the personal income tax; (I'imposta sul reddito delle persone fisiche);
   2 - the corporate income tax (I'imposta sul reddito delle persone giuridiche),
   3 - the local income tax, (I'imposta locale sul redditi);

Whether or not they are collected by withholding at source.
(hereinafter referred to as "Italian Tax")

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

Chapter II
Definitions
Article 3

General Definitions

1. In this Convention, unless the context otherwise requires:
   a) The Term " U.A.E" means the United Arab Emirates and, in a geographical sense, means the territory and islands of the United Arab Emirates including its territorial sea and submarine areas as well as the exclusive economic zone and the continental shelf over which U.A.E exercises sovereign rights, in accordance with its internal law and with the international law, concerning the exploration and exploitation of the natural, biological and mineral resources existing in the sea waters, seabed and subsoil of these waters;

(b) the term "Italy" means the Republic of Italy and includes any area beyonds the territorial waters of Italy which, in accordance with the laws of Italy concerning the exploration and exploitation of natural resources, may be designated as an area within which the rights of italy, with respect to the seabed and subsoil and natural resources, may be exercised;

(c) the terms "a Contracting State" and "the other Contracting State " Mean the United Arab Emirates or Italy, as the context requires;

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

(e) the term "company" means any body corporate or any entity which 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 which 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 "national" means:

(i) all individuals possessing the nationality of Contracting State;

(ii) all legal persons, partnerships and associations deriving their status as such from the laws in force in a Contracting State;

(i) the term "competent authority" means:

(i) in the case of the United Arab Emirates, the Minister of Finance and Industry or his authorized representative;

(ii) in the case of Italy, the Ministry of Finance.

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

Artcile 4
Resident

1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the law 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. But this term does not include any person who is liable to tax in that state in respect only of income from sources situated in that State.

2. where by reasno 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 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, Contracting States, he shall be deemed to be a residint of the Contracting State with which his personal and economic relations are closer (center of vital interests);

(b) if the Contracting State in which he has his center of vital interests cannot be determined, or if he has not a permanent home avilable 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 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 paragraph 1, a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident of the State in which its place of effective management is situated.

Article 5
Permanent Establishment

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

2. The term "permanent establishment" shall include especially:

a) place of management;
b) a branch;
c) an office;
d) a factory;
e) a workshop;
f) a mine, quarry or other place of extraction of natural resources;
g) a building site or construction, or assembly project which exists for more than nine months.

3. the term "permanent establishment" shall not e deemed to include:

a) the use of facilities solely for the purpose of storage, display or delivery or 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 advertising, for the supply of information,for scientific research, or for similar activities which have a preparatory or auxiliary character for the enterprise.

4. A person acting in a contracting state on behalf of an enterprise of the other Contracting State - other than an agentof an independet status to whom paragraph 5 applies - shall be deemed to be a permanent establishment in the first - mentioned state if he has, and habitually exercises in that state, an authority to Conclude contracts in the name of the enterprise unless his activities are limited to the purchase of goods or merchandise for the enterprise.

5. An enterprise shall not be deemed to have a permanent establishment in the other 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.

6. 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.

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 State.

2. The term "immovable property" shall be defined in accordance with the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply. Usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; shall also be considered as"immvobale property" . boats 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 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 the determining of the profits of a permanent establishment, there shall be allowed as deduction 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 embodied 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 Convention,then the provisions of those Articles shall not be affected by the provisions of this Article.

Article 8
Shipping and Air Transport

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

4. The provisions of this Article shall also apply to Gulf Air, but only to the profits attributable by statute to the U.A.E.partner.

Article 9
Associated Enterprises

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.

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 State.

2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends, the tax so charged shall not exceed :

a) 5 per cent of the gross amount of the dividends if the beneficial owner holds directly or indirectly at least 25 per cent of the capital of the company paying the dividends;

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

The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

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

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

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the dividends are taxable in that other Contracting state according to its own law.

5. Where a company which is a resident of a contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other State, nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

Article 11
Interest

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

The competent authorities of the Contracting states shall by mutual agreement settle the mode of application of this limitation.

2. The term "Interest" as used in this Article means income from Government securities, bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to paricipate in profits, and debt - claims ms of every kind as well as other income assimilated to income from money lent by the taxation law of the State in which the income arises.

3. 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 situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the interest is taxable in that other Contracting State according to its own law.

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

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

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 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, the tax so charged shall not exceed 10% of the gross amount of the royalties

The competent authorities of the Contracting States shall by nutual agreement settle the mode of application of this limitation.

3. 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,or tapes for television or broadcasting, 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.

4. The provisions of paragraph 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 situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the royalties are taxable in that other Contracting State according to its own law.

5 Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political or administrative subdivision,a local authority 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 Contracting State a permanent establishment or a fixed base with which the right or property in respect of which the royalties are paid is effectivily connected, and such royalties

are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

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

Article 13
Capital Gains

1. Gains from the alienation of immovable property,as defined in paragraph 2 of Article 6, may be taxed in the Contracting State in which property is situated.

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

alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State.

3. Gains from the alienation of ships or aircraft operated in international traffic or movable property pertaining to the operation of such ships or aircraft shall be taxable only in the Contracting State in which the place of effective management of the enterprise 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 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 shall be taxable only in that 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 so much of it as is attributable to that fixed base.

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

Article 15
Dependent Personal Services

1. Subject to the provisions of Articles 16, 18 and 19, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other 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 base 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 in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

Article 16
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 17
ARTISTS AND SPORTSMEN

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artist, or a musician, or as 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 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 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.

3. Notwithstanding The provisions of paragraphs 1 and 2 income derived in respect of the activities referred to in paragraph 1 of this Article within the framework of a cultural or sports exchange programme agreed by both Contracting States shall be exempt from taxation in the Contracting State in which these activities are performed.

Article 18
PENSIONS

Subject to the provisions of paragraph 2 of Article 19, 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 19
Government Service

1. a) Remuneration other than a pension paid by a Contracting State or a political or administrative subdivision or a local authority thereof to any

individual in respect of services rendered to that State, or subdivision or 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 or adimistrative subdivision or a local authority thereof to any individual in respect of serviced rendered to that State or subdivision or 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 national of and a resident of that State

3. The provisions of Articles 15, 16 and 18 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 or administrative subdivision or a local authority thereof.

Article 20

PROFESSORS AND TEACHERS

A professor or teacher who makes a temporary visit to a Contracting State for a period not exceeding two years for the purpose of teaching or cnducting research at a university, college, school or other educational institution,and who is, or immediately before such visit was, a resident of the other Contracting State shall be exempt from tax in the first-mentioned Contracting State in respect of remuneration for such teaching or research.

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 Contracting State solely for the purpose of his education or training receives for the purpose of his maintenamce, education or training shall not be taxed in that State, provided that such payments arise from sources outside that State.

2. Notwithstanding the provisions of paragraph 1. remuneration 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 Contracting State Solely for the purpose of his education or training derives form temporary services rendered in that other Contracting State, shall not be taxed in that other state provided that such services are in connection with his education or training and that the remuneration for such services is necessary to supplement the resources available to him for the purpose of his maintenance.

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 Convention 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 6, 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 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 items of income are taxable in that other Contracting state according to its own low.

3. Where, by reason of a special telationship between the persons who have carried on activties from which income referred to in paragraph 1 is derived, the payment for such activities exceeds the amount which would have agreed upon by independent persons, the provisions of paragraph 1 shall apply only to the last mentioned amount. In such case, the excess part of the payment shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisionsof this Convention.

Chapte IV

Methods for Elimination of Double Taxation

Article 23

ELIMINATION OF DOUBLE TAXATION

1. It is agreed that double taxation shall be avoided in accordance with the following paragraphs of this Article.

2. In the case of Italy:
If a resident of Italy owns items of income which are taxable in "U.A.E.", Italy, in determining its income taxes specified in Article 2 of this Convention, may include in the basis upon which such taxes are inposed the said items of income, unless specific provisions of this Convention otherwise provide.
in such a case, Italy deduct from the taxes so calculated the income tax paid in "U.A.E." but in an amount not exceeding that proportion of the aforesaid Italian tax which such items of income bear to the entire income.
However, no deduction will be granted if the item of income is subjected in Italy to a final withholding tax by request of the recipient of the said income in accordance with the Italian law.

3. In the case of the United Arab Emirates:

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

Such deduction shall not, however, exceed that part of the tax coputed in the United Arab Emirates before the deduction is given, which is attributable to the incom which may be taxed in Italy.

Chapter V
Special Provisions

Article 24
Non- Discrimination

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

3. Except where the provisions of Article 9, paragraph 5 of Article 11, or paragraph 6 of Article 12, 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.

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 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.

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

6. However, the provisions mentioned in the previous paragraphs of this Article will not limit the application of the domestic provisions for the prevention of fiscal evasion and tax avoidance.

Article 25
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 Convention, 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 pragraph 1 of Article 24, to that of the Contracting State of which he is a national . the case must be presented within two years from the first notification of the action resulting in taxation not in accordance with the provisions of this Convention.

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

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 the.Convention.

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

Article 26
Exchange of Information

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Convention. or of the domestic laws of the Contracting States concerning taxes covered by this Convention insofar as the taxation thereunder is not contrary to the Convention as well as to prevent fiscal evasion. The exchange of information is not retricted by Article 1. Any information received by 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) involved in the assessment or collection of, the enforcement or

prosecution in respect of, or the determination of appeals in relation to, the taxes covered by this Convention. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on a 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").

Article 27

DIPLOMATIC AGENTS AND CONSULAR OFFICERS

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

Article 28

REFUNDS

1. Taxes withheld at the source in a Contracting State will refunded by request of the taxpayer or of the State of which he is a resident if the right to collect the said taxes is affected by the provisions of this Convention.

2. Claims for refund, that shall be produced within the time limit fixed by the law of the Contracting State which is obliged to carry out the refund, shall be accompanied by an official cerificate of the Contrating State of which the taxbayer is resident certifying the existence of the conitions required for being entitled to the application of the allowances provided for by this Convention.

3. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this Article,in accordance with the provisions of Article 25 of this Convention.

Chapter VI
Final Provisions

Article 29
Entry into Force

1. Each Contracting State shall notify to the other the completion of the Constitutional procedures required as far as it is concerned for the bringing into force of this Convention. This Convention shall enter into force on the day when the latter of these notifications has been received and its provisions shall have effect:

a) in respect of taxes withheld at source,to amounts derived on or after 1st January ,1993,
b) in respect of other taxes on income,to taxese chargeable for any taxable period beginning on or after 1st January, 1993.

2. Claims for refund or credits arising in accorance with this Convention in respect of any tax payable by residents of either of the Contracting States referring to the periods beginning on or after 1st January 1993 and until the entry into force of this Convention shall be lodged within two years from the date of entry into force of this Convention or from the date the tax was charged, whichever is later.

Article 30
TERMINATION

This Convention shall remain in force until terminated by one of the Contracting State may terminate the Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year after the period of five years from the date on which the Convention enters into force. In such event, the Convention shall cease to have effect in respect of taxes withheld at source,to anounts derived on or after 1st January in the calendar year next following that in which the notice is given.

In witness thereof the undersigned, duly authorized thereto,have signed this Convention.

Dine in duplicate at Abu Dhabi this Sunday 22nd of Jan 1995 the Englesh, Arabic and Italian languages, all taxts being equally outhoritative, except in the case of doubt, when the English text shall prevail.

[redacted]

ADDITIONAL PROTOCOL

to the Convention between the Government of the United Arab Emirates and the Government of the Republic of Italy for the avoidance of double taxation with respect to taxes on income and the prevention of fiscal evasion.

At the signing of the Convention concluded today between the Government of the United Arab Emirates and the Government of the United Arab Emirates and the Government of the Republic of Italy for the avoidance of double taxation with respect to taxes on income and the prevention of fiscal evasion the undersigned have agreed upon the following additional provisions which shall form an integral part of the said Convention.

It is understood that:

a. With reference to Article 7,paragraph 3, the expression "expenses which are incurred for the purposes of the permanent establishment" means the expenses directly connected with the activity of the permanent establishment;

b. With reference to Article 8, profits from the operation in international traffic of ships or aircraft shall include:

(i) Profits derived from the rental on a bareboat basis of ships or aircraft used in international traffic

(ii) Profits derived from the use or rental of containers if such profits are are incidental to the other profits from the operation of ships or aircraft in international traffic.

c. With reference to Article 9, if a redetermination has been made by one Contracting State with respect to a person, the other Contracting State Sall, to the extent it agrees that such redetermination reflects arrangements or conditions which would be made between independent persons, make appropriate adjustments with respect persons who are related to such person and are subject to the taxing jurisdiction of the State. Any such adjustment shall be made only in accordance with the mutual agreement procedure prvided for by Article 25 of this Convention;

d. With reference to Article 15, the provisions of paragraph 3 of this Article shall also apply to the remuneration received by the employees of air transport interprises of one Contracting State proforming activities in the other Contracting State;

(Protocol Conted.)

e. With reference to paragraph 6 of Article 24, domestic provisions for the prevention of fiscal evasion and tax avoidance shall include the provisions for the limitation of the deduction of expenses and other negative elements deriving from transactions between enterprises of a Contracting State and enterprises situated in the other Contracting state.

f. With reference to paragraph 1 of Article 25, the expression irrespective of the remedies provided by the domestic law means that the mutual agreement procedure is not alternative with the national contentious proceedings which shall be, in any case, preventively initiated, when the claim is related with an assessment of the italian taxes not in accordance with this Convention;

g. The provision of paragraph 3 of Article 28 shall not affect the competent authorities of the Contracting States from the carrying out, by mutual agreement, of other practices for the allowance of the reductions for taxation purposes provided for in this Convention.

h. notwithstanding the provisions of Article 29 of this Convention, the provision of Article 8, Article 13, paragraph 3 and Article 22, paragragh 3 of this Convention, shall have effect for taxes levied on profits derived from the operation of ships or aircrafits in international traffic as from January 1, 1988. The Contracting States shall in no case lodge tax collection requirements relating to any taxable year prior to the date mentioned in the present paragraph.

i. it is understood that income derived from petroleum and and related activities is not covered by the provisions of this Convention.

Done in duplicte at Abu Dhabi.this Sunday 22nd of Jan.1995, in the English, Arabic and Italian languages, all texts being equally authoritative, except in the case of doubt, when the English text shall prevail.

