جمهورية موزمبيق

Republic of Mozambique

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

The Government of the United Arab Emirates and the Government of the Republic of Mozambique desiring to promote and strengthen the economic relation by concluding an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital , have agreed as follows:

Article 1
PERSONAL SCOPE

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

Article 2
TAXES COVERED

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

2. There shall be regarded as taxes on income and on capital all taxes imposed on total income , on total capital, or on elements of income or capital, including taxes on gains from alienation of movable or immovable property as well as taxes on capital appreciation .

3. The existing taxes to which this Agreement shall apply are:
   (a) in the case of the United Arab Emirates:
      i. income tax; and
      ii. corporation tax;
      (hereinafter referred to as "U.A.E. tax");

   (b) in the case of the Republic of Mozambique :

      i. Personal Income Tax (IRPS)
      ii. Corporate Income Tax (IRPC)

   (hereinafter referred to as Mozambican Tax")

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

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 Republic of Mozambique or the United Arab Emirates;

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

(c) the term Mozambique means the Republic of Mozambique and Includes :

I. all territories and islands which , in accordance with the laws of Mozambique, constitute the state of Mozambique;

II. the territorial sea of Mozambique: and :

III. any area outside the territorial sea of Mozambique which in accordance with international law has been or may hereafter be designated, under the laws of Mozambique, as an area, including the Continental shelf, within which the rights of Mozambique with respect to the sea, the sea-bed and sub-soil and their natural resources may be exercised.

(d) the term "tax" means U.A.E. tax or Mozambique 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 " means 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:

(i) any individual possessing the nationality of a Contracting State;

(ii) any legal person, partnership or association deriving its status as such from the laws in force in a Contracting State;

(I) 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.

(J) The term "competent authority" means:

(I) in the case of U.A.E. the Minister of Finance and Industry or its authorized representative; and

(II) in case of Republic of Mozambique the Minister of Planning and Finance and the national Director of Taxes and Audit or his authorized representative.

2. 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) a contracting state, a political subdivision, a local authority or a governmental institution thereof;

b) an individual who under the laws of a Contracting State is considered a resident of that state; and the national of Contracting State.

c) a Company or any other legal entity which is created under the laws of a Contracting State

2. A . For the purpose of paragraph 1 above the term "resident " in the case of the UAE shall include:

(a) the Government of the United Arab Emirates or any political subdivision or local authority thereof ;

(b) any governmental institutions created under public law such as the Central Bank, funds, corporations, authorities, foundations, agencies or any other similar entities established in the United Arab Emirates;

(c) any inter-governmental entity established in the United Arab Emirates in whose capital the United Arab Emirates subscribes together with other States.

(d) The national and the other resident in the UAE.

B. In case of Mozambique : the term " resident of Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management, place of registration or any other criterion of a similar nature, and also includes that State or any political subdivision or local authority or statutory body thereof.

3. Where by reason of the provisions of paragraph 1 and 2 of this Article 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 Contracting State in which he has a permanent home available to him. If he has a permanent home available to him in both Contracting States, he shall be deemed to be a resident 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 does not have a permanent home available to him in either Contracting States, 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.

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

Article 5
PERMANENT ESTABLISHMENT

1. For the purposes of this Agreement, the term "permanent establishment " means a fixed place of business 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, quarry or any other place of extraction of natural resources; and
   (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 twelve 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 nine months;

4. Notwithstanding the provisions of paragraphs 1 to 3, the term "permanent establishment" shall be deemed not to include:

   (a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;

(b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;

(c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;

(d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or 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 of a preparatory or auxiliary character;

(f) the maintenance of a fixed place of business solely for any combination of activities mentioned in sub-paragraphs (a) to (e) provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

(g) the sale of goods or merchandise belonging to the enterprise displayed in the frame of an occasional temporary fair or exhibition after the closing of the said or fair exhibition, provided that involving parties or companies fulfill all requirements in either Contracting States.

Notwithstanding the provisions of paragraphs 1 and 2 of this Article 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 of this Article applies - shall be deemed to be a permanent establishment in the first - mentioned State if :

a) he has and habitually exercises 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 belonging to the enterprises from which he regularly sells good or merchandise for, or on behalf of, such enterprises, or unless

the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph, or

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

6. An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that State through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business.

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 company a permanent establishment of the other.

Article 6
INCOME FROM IMMOVABLE PROPERTY

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture 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, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right of work, mineral deposits, sources and other natural resources; ships and aircraft shall not be regarded as immovable property.

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

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

Article 7
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 that permanent establishment.

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

3. In determining the profits of a permanent establishment, there shall be allowed as deductions 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. Insofar as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 of this Article shall preclude that Contracting State from determining the profits to be taxed by such an apportionment

as may be customary, the 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 provisions of Article 7, profits derived by a resident of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that State.

2. The provisions of paragraph 1 of this Article shall also apply to profits referred to in those paragraphs derived by a resident of a Contracting State from its participation in a pool, a joint business or an international operating agency.

3. In this Article

   (a) the term "profits" includes :

      (i) profits, net profits, gross receipts and revenues derived directly from the operation of ships or aircraft in international traffic, and

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

      (iii) selling of tickets on behalf an enterprise

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

(i) the charter or rent of ships or aircraft,

(ii) the rent of containers and related equipment, and

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

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

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 participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State;
and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would , but for those conditions, have accrued to one of the enterprises, but by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

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

adjustment, due regard shall be had to the other provisions of this Agreement and the competent authorities of the Contracting States shall if necessary consult each other.

Article 10
DIVIDENDS

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State shall be taxable only in that other Contracting State.

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

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

4. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State, or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or 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 State.

2. The term "interest" as used in this Article means income form debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including the premium 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.

3. The provisions of paragraphs 1 and 2 of this Article shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, or performs in that other State independent personal services form 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 provisions of Article 7 and Article 14, as the case may be, shall apply.

4. 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 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 payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

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

Article 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 per cent of the gross amount of royalties in the meaning of paragraph 4, sub-paragraph (a) of this Article.

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

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

   (a) for the use of, or the right to use, any copyright of literary or artistic work (including cinematograph films, and films or tapes for radio or television broadcasting); and

(b) for the use of, or the right to use, any copyright of scientific work, patent, trade mark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience.

5. The provisions of paragraphs 1 and 2 of this Article shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated 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 Article 7 or Article 14, as the case may be, shall apply.

6. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority thereof or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State 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 a 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.

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

Article 13
CAPITAL GAINS

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

2. Gains derived by a resident of a Contracting State from the alienation of:
   (a) shares, deriving their value or the greater part of their value directly or indirectly from immovable property situated in the other Contracting State, or
   (b) a contribution in a partnership the assets of which consist principally of immovable property situated in the other Contracting State, or of shares referred to in sub-paragraph (a) above shall be taxable only in that Contracting State.

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

4. Gains from the alienation of ships or aircraft operated by an enterprise of a Contracting State in international traffic and movable property pertaining to the operation of such ships or aircraft shall be taxable only in that Contracting State.

5. Gains from the alienation of any property other than that referred to in paragraphs 1 to 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 Contracting State, unless he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities ; if he has such a fixed base, the income may be taxed in the other Contracting State, but as much as it is attributable to that fixed base.

2. The term "professional services" include especially independent scientific, literary, 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 16, 17, 18, 19, 20 and 21, of this Agreement, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised , such remuneration as is derived therefore may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1 of this Article remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:
   (a) the recipient is present in the other Contracting State for a period or periods not exceeding in the aggregate 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 t the provision of this article , remuneration and salaries derived in respect of an employment aboard an aircraft or remuneration from employment at the airport (ground staff) including the regional manager which are not national of the other contracting State , such remuneration and salaries shall be taxable only in that contracting state (State of residence)

Article 16
RESEARCHERS AND TEACHERS

1. A professor or teacher who is or was a resident of a Contracting State immediately before visiting the other Contracting State for the purpose of teaching or engaging in research, or both , at a university, college, school or other approved institution in that other Contracting State shall be exempt from tax in the other Contracting State on any remuneration for such teaching or research for a period not exceeding two years from the date of his arrival in that other Contracting State .

2. This Article shall not apply to income from research if such research is undertaken primarily for the private benefit of a specific person or persons.
   Shall be exempt from tax in that other Contracting State .

Article 17
STUDENTS AND APPRENTICES

1. A student or business apprentice who is or was a resident of a Contracting State immediately before visiting the other Contracting State and who is present in that other Contracting State solely for the purpose of this education or training, shall be exempt from tax in that other Contracting State on payments made to him by persons residing outside that other Contracting State for the purposes of his maintenance, education or training.

2. The exemption under this Article shall apply only for such period of time as maybe reasonable or customarily required to complete the education or training undertaken.

Article 18
DIRECTORS' FEES

Directors' fees and similar payment 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 State may be taxed in that other State.

Article 19
PENSIONS AND ANNUITIES

1. Subject to the provision of paragraph 2 of Article 20 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.

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

Article 20
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 authority shall be taxable only in that State.

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

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

3. The provisions of Articles 15, 18 and 19 of this Agreement 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.

4. The provisions of paragraph 1 of this Article shall likewise apply in respect of remuneration paid by a Contracting State to a specialist of volunteer seconded to the other Contracting State under a development assistance agreement concluded between the Contracting States paid by, or out of funds created by, a Contracting State or political subdivision or local authority thereof.

Article 21
ARTISTS AND SPORTSMEN

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 theater, motion picture, radio or television artists, or a musician, or as an 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 an 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

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article income derived from such activities performed within the frame work 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 local authority or statutory body thereof, financed by public fund of both Contracting States and the activities are not carried out for the purpose of profits.

Article 22
OTHER INCOME

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

2. The provisions of paragraph 1 of this Article shall not apply to income, derived by a resident of a Contracting State, if this resident carries on business in the other Contracting State through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

Article 23
CAPITAL

1. Capital represented by immovable property as defined in Article 6, owned by a resident of a Contracting State and situated in the other Contracting State, may be taxed in that other Contracting State.

2. Capital represented by movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or by 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, may be taxed in that other Contracting State.

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

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

Article 24

REFUNDS

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 certificate of the Contracting State of which the taxpayer is a resident certifying the existence of the conditions required for being entitled to the application of the allowances provided for by this Agreement.

Article 25
ELIMINATION OF DOUBLE TAXATION

1. Where a resident of a Contracting State derives income which, in accordance with the provisions of this Agreement, may be taxed in the other Contracting State, the first mentioned State shall allow as a deduction from the tax in the income of that resident, an amount equal to the tax paid in that other Contracting State.
Such deduction in either case shall not, however, exceed that part of the tax as computed before the deduction is given, which is attributable to the income which may be taxed in the other Contracting State.

2. The tax payable in Contracting State mentioned in paragraph 1 of this Article shall be deemed to include the tax which would have been payable but for the tax incentives granted under the laws of that Contracting State and which are designed to promote economic development.

Article 26
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 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 State.

2. The taxation of 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 enterprises of that other State carrying on the same activities in the same circumstances and under the same methods.

3. 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 which it grants to its own residents.

4. 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.

5. 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 subject in the first-mentioned Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than that to which other similar enterprises of that first-mentioned State are subjected.

6. In this Article the term "taxation" means taxes of every kind and description which are the subject of this Agreement.

Article 27
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. The said application may be submitted within three 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. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting State.

3. The competent authorities of the Contracting 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 each other directly for the purpose of applying this Agreement and reaching an agreement in the sense of the proceeding paragraphs.

Article 28
EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is necessary for the carrying out the provisions of this Agreement. Any information so exchanged 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) involved in the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes covered by this Agreement. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

2. In no case shall the provisions of paragraph 1 of this Article be construed so as to impose on the competent authority of one of the Contracting State the obligations:

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

   (b) to supply information which are 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 industrial, commercial or professional secret or process, or information, the disclosure of which would be contrary to public policy (ordre public).

Article 29
MEMBERS OF DIPLOMATIC MISSIONS AND CONSULAR POSTS

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

Article 30
ENTRY INTO FORCE

Each of the Contracting States shall notify the other Contracting State the completion of the procedures required by its law for the bringing into force of this Agreement. This Agreement shall enter into force on the date of the later of these notifications and shall thereupon have effect:

a) in respect of taxes withheld at source for amounts paid or credited on or after the first day of which this agreement enters into force.
b) In respect of other taxes: for any taxable year commencing on or after the first day of January next following the date on which this Agreement enters into force.

Article 31
TERMINATION

This Agreement shall remain in force until terminated by a Contracting States. Either Contracting State may terminate the Agreement, 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 Agreement enters into force. In such event, the Agreement shall cease to have effect as follows:

(i) in respect of taxes withheld at source for amounts or credited on or after the First day of January in the calendar year immediately following that in which the notice of termination is given; and

(ii) 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;

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

Done at Dubai on the day of 1424 AH , corresponding to Sept , 2003 in two identical originals in Arabic , Portuguese and English Languages . In case of divergence of interpretation the English text will prevail .

For the Government of The United Arab Emirates

For the Government of Republic of Mozambique

PROTOCOL

At the moment of signing the Agreement between the Government of the Republic of Mozambique and the Government of the United Arab Emirates for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to taxes on income and on capital Gains, the undersigned have agreed that the following provisions shall form an integral part of the Agreement.

1. For the purpose of the entire Agreement, the term Government shall include:

A. <u>in the case of the UAE :</u>

1. the Federal Government
2. the local Governments
3. Abu Dhabi Development Fund
4. Abu Dhabi Investment Authority
5. any other Statutory Body or institution wholly or mainly owned by the Government of the UAE or the local Governments as may be agreed from time to time between the competent authorities

<u>B : in the case of the Republic of Mozambique :</u>

any statutory body or institution wholly or mainly owned by the Government of the Republic of Mozambique, as may be agreed from time to time between the competent authorities of the Contracting State. Such Governments or statutory bodies if they establish an office in either of the Contracting States, such an office will not be considered as a permanent establishment

2. In addition to the benefit of this Agreement , the investors from the UAE or Mozambique shall also enjoy all the benefits arising from the current or future legislation on investment in Mozambique or in the UAE.

In WITNESS WHEREOF, the undersigned, duly authorized thereto, by their respective Government have signed this Protocol .

Done at Dubai on the day of 1424 AH , corresponding to Sept , 2003 in two identical originals in Arabic , Portuguese and English Languages . In case of divergence of interpretation the English text will prevail .

For the Government of
The United Arab Emirates

For the Government of
Republic of Mozambique