

2003 Income and Capital Tax Convention and Final Protocol

Treaty Partners: Mozambique; United Arab Emirates

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In Force: April 15, 2004

Effective: Income subject to withholding tax, from April 15, 2004; other provisions, from January 1, 2004. See Article 30.

Status: In Force

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

The Government of the Republic of Mozambique and the Government of the United Arab Emirates desiring the promoting and re-enforcing economic relations, to enter into a Convention for the avoidance of double taxation with respect to taxes on income and on capital, have agreed to the following:

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 and capital, imposed on behalf of the Contracting States, one of its political sub-divisions or local authority, irrespective of the manner in which they are levied.
- (2) There shall be regarded as taxes on income and capital, all taxes imposed on total income, on total capital or on elements of income or capital, including taxes on gains from the alienation of movable or immovable property, as well as taxes on capital appreciation.
- (3) The existing taxes to which this Convention shall apply are in particular:
 - (a) in United Arab Emirates:
 - (i) income tax;

- (ii) tax on the profits of enterprises (Corporation tax);
(hereinafter referred to as "United Arab Emirates taxes");
- (b) in Mozambique:
 - (i) individual income tax (IRPS);
 - (ii) corporate tax (IRPC);(hereinafter referred to as "Mozambican taxes").
- (4) This Convention shall also apply to any identical or substantially similar taxes that are imposed after the date of signature of this Convention in addition to, or instead of, the existing taxes referred to in paragraph (2) of this Article. The competent authorities of the Contracting States shall notify each other of any significant changes, made in their respective tax laws.

Article 3
General Definitions

- (1) For the purposes of this Convention, unless the context otherwise requires:
 - (a) the term "a Contracting State" and "the other Contracting State" depending on the context refers to the Republic of Mozambique or the United Arab Emirates;
 - (b) the term "United Arab Emirates" refers to the United Arab Emirates and when used in its geographical sense, the term means the territory including the continental territory and the islands subject to its jurisdiction over which the United Arab Emirates exercises its sovereign rights over the territorial sea, the aerial space and sea-bed as well as any related activity, in connection with the exploitation and use of natural resources undertaken in accordance with the international and domestic law;
 - (c) the term "Mozambique" refers to the Republic of Mozambique and includes:
 - (i) all territories and islands which in accordance with the laws of Mozambique constitute the Mozambican State;
 - (ii) the territorial sea of Mozambique;

- (iii) any area outside the territorial sea of Mozambique, which in accordance with international law has been or may hereafter be known as the law of Mozambique, as an area, including the continental platform within which Mozambique, exercises its rights with respect to the sea, the sea-bed, sub-soil and their natural resources;
- (d) the term "tax" means U.A.E. tax or Mozambican tax, as the context requires;
- (e) the term "person" refers to an individual, a company, and any other body of persons;
- (f) the term "company" refers to any body corporate or any entity that is treated as a body corporate for tax purposes;
- (g) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State, respectively.
- (h) the term "national" means:
 - (i) any individual possessing the nationality of a Contracting State;
 - (ii) any corporate body, partnership or associations constituted in accordance with the law in force in a Contracting State;
- (i) the term "international traffic" means any transport carried on by a ship or aircraft operated by an enterprise of a Contracting State, except when the ship or aircraft is operated solely between the places in the other Contracting State;
- (j) the term "competent authority" means:
 - (i) in the U.A.E., the Minister of Finance and Industry or his authorized representative;
 - (ii) in the Republic of Mozambique, the Minister of Planning and Finance and the National Director of Tax and Audit, or his authorized representative.

- (2) For the application of this Convention, unless the context otherwise requires, any term not defined herein shall, have the meaning that it has under the laws of that State with respect to taxes to which this Convention applies.

Article 4

Resident

- (1) For the purposes of this Convention, the term "resident of a Contracting State" means:
- (a) a Contracting State, a political division or local authority or a government institution;
 - (b) any person who is or was an individual, by virtue of the laws of a Contracting State, shall be deemed, to be a resident of that State, and a national of that Contracting State;
 - (c) an enterprise or any other legal authority created in accordance with the laws of a Contracting State.
- (2) For the purpose of paragraph (1) of this Article, the term resident in U.A.E. includes:
- (a) the Government of the U.A.E. or any political sub-division or local authority;
 - (b) any governmental institution created in accordance with the law, such as the central bank, funds, corporations, authorities, foundations, agencies or any other similar authorities established in the U.A.E;
 - (c) any inter-governmental authorities established in the U. A. E. on whose capital the U.A.E. subscribes together with other States;
 - (d) any national who is a resident of the U. A. E.
- (3) In Mozambique the term resident of a "Contracting State" means any person who under the law of that State, is liable to tax in that State, by reason of his domicile, residence, place of management, place of registration or any other criterion of a similar nature and shall also apply to that State as well as to any of its political sub-divisions or local authorities.
- (4) Where in accordance with the provisions of paragraphs (1) and (2) of this Article, an individual is a resident of both the Contracting States then the situation shall be determined as follows:

- (a) he shall be deemed to be a resident only of the State in which he has a permanent home available to him. If he has a permanent home available to him in both States, he shall be deemed to be a resident of the State with which his personal and economic relations are closer (center of vital interests);
 - (b) if it cannot be determined in which Contracting State his center of vital interests is situated, or if he does not have a permanent home available to him in either State, he shall be deemed to be a resident of the Contracting State in which he has a habitual abode;
 - (c) if he has habitual abode in both the States, or in neither of them, he shall be deemed to be a resident of the State, of which he is a national;
 - (d) if he is a national of both the States, or of neither of them, the competent authorities of the Contracting States shall settle the case by a mutual agreement.
- (5) Where by reason of the provisions of paragraph (1), a person other than an individual is a resident of both Contracting States, then such person 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" includes especially:
 - (a) a place of management;
 - (b) a branch;
 - (c) an office;
 - (d) a factory;
 - (e) an office; and
 - (f) a mine, an oil or gas well, a quarry, or any other place of extraction of natural resources;

- (g) or a farm or plantation.
- (3) The term "permanent establishment" also includes:
- (a) a building site, a construction site, installation or assembly project, or supervisory activities connected with them, but only where such site, project or activities continue for more than 12 months;
 - (b) the rendering 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 exceeding in the aggregate nine months in any twelve month period.
- (4) Notwithstanding the provisions of paragraph (1) to (3) of this Article the term "permanent establishment" shall be deemed not to include:
- (a) the use of facilities solely for the purpose of storage, display or delivery of merchandise belonging to the enterprise;
 - (b) the maintenance of property or merchandise belonging to the enterprise, solely for the purpose of storage, display or delivery;
 - (c) the maintenance of property 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 buying property or merchandise or for collecting information for the enterprise;
 - (e) the maintenance of a fixed place of business solely for the purposes of carrying on, for an enterprise, any activity of a preparatory or auxiliary nature;
 - (f) the maintenance of a fixed place of business solely for the purpose of carrying on any combination of activities referred to in subparagraphs (a) through (e) of this Article, provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary nature;
 - (g) the sale of goods or merchandise related to the enterprise displayed in the framework of a market or temporary seasonal exhibition and after the closure of such fair or exhibition from the time of involving shares or

enterprises which observe all the obligations in any of the Contracting States.

- (5) Notwithstanding the provisions of paragraph (1) and (2) of this Article where a person other than an agent of an independent status to whom paragraph (6) of this Article applies - acts in a Contracting State on behalf of an enterprise of the other Contracting State, shall be deemed to have a permanent establishment in the first-mentioned State, if:
- (a) he has and habitually exercises in the first-mentioned State an authority to conclude contracts on behalf of the enterprise, unless his activities are limited to purchasing goods and merchandise for the enterprise; or
 - (b) he maintains a stock of goods or merchandise in the first-mentioned State belonging to the enterprise from which he regularly supplies goods and merchandise on behalf of the first-mentioned State, unless the activities of such a person are restricted to those mentioned in paragraph (4) of this Article, which if exercised through a fixed place of business, shall not allow this fixed place of business as a permanent establishment, in accordance with the provisions of this Convention; or
 - (c) undertakes orders in the first-mentioned Contracting State solely or semi-exclusively for his own enterprise or for other enterprises which control or are controlled by such enterprises.
- (6) An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that State through an agent, a general commissioner or any other agent of independent status, provided that such persons are acting in the ordinary course of their activities.
- (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 be sufficient to 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 and forestry operations) situated in the other Contracting State may be taxed in that other Contracting State.

- (2) The term "immovable property" shall have the meaning that it has under the laws of the Contracting State in which the property in question is situated. The term shall in all cases include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law in respect of 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 and sources from other natural resources. Ships, boats and aircraft shall not be regarded as immovable property.
- (3) The provisions of paragraph (1) of this Article shall also 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) 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 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 also be taxed in the other Contracting State, but only so much of them as are 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 its business in the other Contracting State through a permanent establishment situated therein, then there shall be attributed to such permanent establishment, profits that might have been earned if it had been a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly and 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 whether incurred in the Contracting State in which the permanent establishment is situated or elsewhere. This provision shall apply independently of the restrictions established by the domestic law.
- (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, the provisions of paragraph 2 of this Article shall not preclude that Contracting State from determining the profits to be taxed by such customary apportionment. However, the method of apportionment adopted shall be such that the result obtained is in accordance with the principles contained in this Article.

- (5) No profits shall be attributed to a permanent establishment if that permanent establishment merely purchases merchandise for the enterprise.
- (6) For the purposes of the preceding paragraphs, the profits attributable to a permanent establishment shall be determined every year by the same method unless there is a good and sufficient reason to proceed otherwise.
- (7) Where profits include items of income that are dealt with separately in other Articles of this Convention, the provisions of those Articles shall not be affected by the provisions of this Article.

Article 8

Sea and Air Traffic

- (1) Notwithstanding the provisions of Article 7, profits derived from the operation of ships or aircraft in international traffic, by a resident of a Contracting State, shall be taxable only in that State.
- (2) The provisions of paragraph (1) of this Article, shall also apply to profits arising from the participation in a pool, a joint business or an international operating agency.
- (3) In this Article:
 - (a) the term "profits" means:
 - (i) profits, net profits, gross income and income derived from the operation of ships or aircraft in international traffic;
 - (ii) interest on amounts derived directly from activities that are incidental to the operation of ships or aircraft in international traffic;
 - (iii) sale of tickets on behalf of an enterprise.
 - (b) the term "operation of ships or aircraft" in international traffic for a person includes:

- (i) charter or leasing of ships or aircraft;
- (ii) leasing of containers and related equipment;
- (iii) alienation of ships or aircraft, containers and related equipment. by that person in such a manner that such charter, leasing or alienation are related to the operation 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 imposed in or agreed between the two enterprises in their commercial or financial relations which differ from those that would have been agreed between independent enterprises, then any profits that would have accrued to one of the enterprises, but for 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 taxed in that other State, and the profits so included are the profits which would have accrued to the enterprise of the first-mentioned State if the conditions agreed 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 Convention and the competent authorities of the Contracting States shall, if necessary, consult each other.

Article 10

Dividends

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

- (2) The term "dividends" as used in this Article means income from shares, "jouissance" shares or bonds, 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 under the laws of the State of which the company making the distribution is a resident.
- (3) The provision of paragraph (1) and (2) of this Article shall not apply if the recipient of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein or performs in that other State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such a 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, then that other State may not impose any tax on the dividends paid by that company except insofar as such dividends are paid to a resident of that other State or where 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. Further, the other State shall not subject the company's undistributed profits to tax, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in that other State.

Article 11

Interest

- (1) Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.
- (2) The term "interest", as used in this Article, means income from debt claims, of every kind whether or not secured by mortgage and whether or not carrying the right to participate in the debtor's profits, and in particular income from government securities, and from debentures, loans, including premiums attached to such bonds. Penalty charges for late payment 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 recipient of 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 Contracting 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 a case, the provisions of Article 7 or Article 14, as the case may be, shall apply.

- (4) Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political sub-division, 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 a fixed base, then such interest shall be deemed to arise in a Contracting State in which the permanent establishment or a fixed base is situated.
- (5) Where, by reason of a special relationship, either between the payer and the beneficial owner of the interest or between both of them and some other person, the amount of 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 special 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.
- (6) The provisions of paragraph (3) of this Article shall apply proportionally to the holding of the government in such debt-claim, if the government of a Contracting State participates directly in a debt-claim through an agent, or in some other manner. The participation should be witnessed through a certificate for such purposes sent 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, the tax so charged shall not exceed 5 percent of the gross amount of the royalties referred to in sub-paragraph (a) of paragraph (4) of this Article.
- (3) Notwithstanding the provisions of paragraph (2) of this Article, royalties arising in a Contracting State paid to a resident of the other Contracting State shall be

taxable only in the other Contracting State, if the resident is the beneficial owner of the royalties and such royalties are paid as referred to in sub-paragraph (b) of paragraph (4) of this Article.

- (4) The term "royalties", as used in this Article, means remuneration of any kind received:
 - (a) for the use of or the right to use, any copyright of literary, artistic work, including cinematographic films and recordings for radio or television transmission;
 - (b) for the use of or the right to use any copyright, for any scientific work, any patent, trademark, or commercial brand, design or model, project, secret formula or process, and for information related to 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, (either an enterprise's industrial or commercial activities are derived) through a permanent establishment situated therein, or performs an independent personal service in the other State from a fixed base situated therein, and the right or property in respect of which the royalties are effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or 14 as the case maybe, shall apply.
- (6) Royalties shall be deemed to arise in a Contracting State if the payer is the State itself, a political sub-division, 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 a Contracting State a permanent establishment or a fixed base in connection with which the obligation to pay the royalties arose, and such royalties are connected with such permanent establishment or fixed base, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.
- (7) Where, by reason of a special relationship either between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties or fees for technical services, 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 special 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 derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State, may be taxed in that other State.
- (2) Gains derived by a resident of a Contracting State from the alienation of:
 - (a) holdings whose value, or a substantial part of the value arises directly or indirectly from immovable property, situated in the other Contracting State, or
 - (b) an interest in a partnership or trust the value of which is derived from immovable property situated in the other Contracting State, or the shares referred to in sub-paragraph (a) shall be taxable only in that Contracting State.
- (3) Gains derived from the alienation of movable property forming part of the business property of a permanent establishment that 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 permanent establishment (alone or together with the whole enterprise) or such fixed base, may be taxed in that other Contracting State.
- (4) Gains derived by an enterprise of a Contracting State from the alienation of ships or aircraft operated in international traffic or movable property pertaining to the operation of ships, aircraft, or boats shall be taxable only in the Contracting State.
- (5) Gains derived from the alienation of any property other than those referred to in paragraphs 1, 2 and 3 of this Article, 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 nature 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 only so much of the income as is attributable to that fixed base.

- (2) The term "profession service" includes in particular independent scientific, literary, artistic, educational or teaching activities, as well as the independent activities of doctors, lawyers, engineers, architects, dentists and accountants.

Article 15

Dependent Personal Services

- (1) Subject to the provisions of Articles 16, 17 18, 19, 20 and 21 of this Convention salaries, wages and other similar remuneration derived from employment by a resident of a Contracting State, from an employment exercised in the other Contracting State from exercising a dependent profession, shall be taxable only in that State, unless the employment is exercised in the other Contracting State. If the employment is so exercised, the remuneration so derived may be taxed in that other State.
- (2) Notwithstanding the provision of paragraph (1) of this Article, remuneration derived by a resident of a Contracting State from employment carried on 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 one hundred eighty - three (183) days;
 - (b) the remuneration is paid by an employer 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 by a fixed base that the employer has in the other State.
- (3) Notwithstanding the preceding provisions of this Article, remuneration and salaries derived from employment exercised aboard an aircraft, from an employment exercised in an airport (ground staff) including the income of the regional manager who is not a national of the Contracting State, shall be taxable only in the other Contracting State (the State of residence).

Article 16

Research Scholars and Teachers

- (1) Any individual who is or was immediately before visiting a Contracting State, a resident of the other Contracting State with the sole purpose of teaching or carrying on scientific research in a university, college, school or other

educational institution or for carrying out scientific research, recognized by the government of that Contracting State, for a period not exceeding two years from the date of its arrival in the other Contracting State, shall be exempted from taxation in that other Contracting State, by the remuneration received as a result of this teaching activity or research.

- (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.

Article 17

Students and Trainees

- (1) Payments which a student or trainee who is or was immediately before visiting a Contracting State a resident of the other Contracting State, and who is present in the first-mentioned State, solely for the purpose of his education or training, receives for the purpose of his maintenance, education or training shall not be taxed in that State, provided that such payment arise from sources outside that State.
- (2) The exemption mentioned above shall be applicable only for that period of time which is considered as reasonable in order to complete the education and training.

Article 18

Director's Fees

Director's fees and other similar payments derived by a resident of a Contracting State in his capacity as 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 19

Pensions and Annuities

- (1) Pensions and other similar remuneration, other than those pensions referred to in paragraph 2 of the Article 20, paid to a resident of a Contracting State in consideration of past employment shall be taxable only in the other Contracting State.
- (2) The term "pensions, annuities and other remuneration of a similar nature" used in this Article means periodical payments made after retirement, in consideration of past employment or in respect of compensation derived in connection with past employment.

- (3) Notwithstanding the provisions of paragraph (1) of this Article, any pensions or annuities and other similar remunerations, paid under the framework of public schemes which is a part of the system of social security of a Contracting State, a political subdivision or its local authority shall be taxable only in that State.

Article 20
Government Services

- (1) (a) Salaries, wages and other similar remuneration other than pensions, paid by a Contracting State or one of its political subdivisions or local authorities to an individual, in respect of services rendered to that State or that political sub-division or local authorities, shall be taxed only in that State.
- (b) notwithstanding the provisions of sub paragraph (a) of this Article, however, such remuneration shall be taxable only in the other Contracting State, and if the services are rendered in that State and if the individual who is a resident of that State:
- (i) is a national of that State: or
- (ii) did not become a resident of that State solely for the purpose of rendering such services.
- (2) (a) Any pensions paid by a Contracting State or one of its sub-divisions or local authorities to an individual, whether directly or by drawing upon funds created for that purpose, to an individual, in respect of services rendered in that subdivision or authorities, shall be taxable only in that State.
- (b) Notwithstanding the provisions of sub paragraph (a) of this Article, however, such pensions shall be taxable only in the other Contracting State if an individual is a resident and a national of that State.
- (3) The provisions of Articles 15, 18 and 19 of this Convention shall apply to remuneration and pensions paid in respect of services rendered in connection with an industrial or commercial activities carried on by a Contracting State or one of its political sub-divisions or local authorities.
- (4) The provisions of this Article shall also apply to remuneration paid by a Contracting State to skilled or voluntary worker who are sent to the other Contracting State, in respect of assistance in development, signed by the Contracting States, where such activities are paid either directly or are

exclusively funded by that Contracting State or one of its political sub-division or local authorities.

Article 21

Artistes and Athletes

- (1) Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State in his capacity as an entertainer, such as a musician, theatre, cinema, radio or television artiste, or as athletes, from his personal activities as such exercised in the other Contracting State, maybe taxed in that other State.
- (2) Where income in respect of personal activities exercised by an artiste or an athlete in his capacity as such accrues not to the artiste or athlete himself, but to another person, that income, notwithstanding the provisions of Articles 7, 14 and 15, may be taxed in the Contracting State in which the activities of the artiste or athlete are exercised.
- (3) Notwithstanding the provision of paragraph (1) and (2) of this Article, income derived from the activities which are carried out within the scope of a cultural Convention between the Contracting States, shall be exempt from tax in the Contracting State in which such activities are performed, if the visit to this State is financed wholly or partly out of public funds belonging to the Government of a Contracting State, a local authority, or a public institution in both the Contracting States, and the activities are not undertaken for profit-making purposes.

Article 22

Other Income

- (1) Items of income of a resident of a Contracting State, wherever arising, not dealt with in the preceding Articles of this Convention shall be taxable only in that State.
- (2) The provisions of paragraph (1) of this Article, shall not apply to income, provided that the beneficial owner 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 provisions of Article 7 or Article 14, as the case may be, shall apply.

Article 23

Capital

- (1) Capital represented by immovable property referred to in Article 6, owned by a resident of a Contracting State and situated in the other Contracting State, shall be taxable in that other State.
- (2) Capital represented by movable property, forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or capital represented by movable property pertaining to a fixed base available to a resident of the other Contracting State for the purpose of performing independent personal services, may be taxed in that other State.

Article 24

Reimbursement

Requests for reimbursement must be filed within the time limit prescribed under the law of the Contracting State which is required to pay the reimbursement. The request for the reimbursement must be accompanied by an official attestation of the Contracting State where the contributor resides, certifying that the conditions required benefiting from the exemptions or reductions are fulfilled.

Article 25

Methods for Elimination of Double Taxation

- (1) Where a resident of a Contracting State derives income which, in accordance with the provisions of this Convention, may be taxed in the other Contracting State, then the first-mentioned Contracting State shall allow as a deduction from the tax of that resident, an amount equal to the tax on income paid in that other Contracting State. However, such deduction must not exceed that portion of tax on income calculated before granting the deduction pertaining to income which may be taxed in that other Contracting State.
- (2) For the purposes of allowing a deduction provided in paragraph (1) of this Article, the taxes paid in the other Contracting State shall include such taxes which would otherwise have been paid in that other Contracting State, but which are exempted or reduced in accordance with the laws pertaining to special tax incentives for encouraging investment in that other State.

Article 26

Non-Discrimination

- (1) Nationals of a Contracting State shall not be subjected, in the other Contracting State, to any taxation or connected obligations, which are other than or more burdensome than the taxation or connected obligations to which nationals of that other State are or may be subjected to under the same circumstances.

Notwithstanding the provisions of Article 1, this provision shall also apply to persons who are not residents of either one of the Contracting States.

- (2) Taxation levied on a permanent establishment that an enterprise of a Contracting State has in the other Contracting State shall not be less favorable in that other State than the taxation levied on enterprises of the other State carrying on the same activity in that other State.
- (3) The provisions of this Article shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, exemptions or reductions for taxation purposes on account of civil status or family responsibilities, which it grants to its own residents.
- (4) Nothing in this Article shall be construed as obliging a Contracting State to extend to the residents of the other Contracting State benefits or any treatment of a preferential or a privileged nature, which is granted to any other State, or if the residents through the formation of the customs union, economic union, area of commercial preference or through any regional or sub-regional Convention, relating either wholly or partly to taxation, in which the first-mentioned State can be a part of the agreement with any of the Contracting States.
- (5) Enterprises of a Contracting State whose capital 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 connected obligations which are other than or more burdensome than the taxation or connected obligations to which other similar enterprises of that first-mentioned State are or may be subjected.
- (6) In this Article, the term "taxation" means taxes which are the subject of this Convention.

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 in or will result for him in taxation not in accordance with the provisions of this Convention, he may, notwithstanding the remedies provided under the domestic laws of the Contracting State, present his case to the competent authorities of the Contracting State of which he is a resident. The case must be presented within two years from the date of the first notification of the action resulting in taxation not in accordance with the provisions of this Convention.

- (2) The competent authority shall endeavor, if the objection appears 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 avoid taxation that is not in accordance with the provisions of this Convention. Any agreement reached shall be implemented irrespective of any temporary limitations in the domestic laws of the Contracting States.
- (3) The competent authorities of the Contracting States shall endeavor to resolve by mutual agreement any difficulty or doubt arising as to the interpretation or application of this Convention. They may also consult each other regarding the elimination of double taxation in cases not provided for in this Convention.
- (4) The competent authorities of the Contracting States may communicate directly with each other in order to reach an agreement as indicated in the preceding paragraphs of this Article.

Article 28

Exchange of Information

- (1) The competent authorities of the Contracting States shall exchange such information as is necessary to prevent tax evasion and to apply the provisions of this Convention (or the domestic laws of the Contracting States concerning taxes covered by this Convention insofar as the taxation thereunder is not contrary to this Convention). The exchange of information shall not be limited by the provisions of Article (1). Any information received by a Contracting State shall be treated as confidential in the same manner as information obtained under the domestic laws of that State, and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of the taxes covered by this Convention, the enforcement or prosecution in respect of such taxes, or the determination of appeals in relation to them. 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 as imposing upon a Contracting State the obligation:
 - (a) to take administrative measures at variance with the laws and administrative practices of either of the Contracting States;
 - (b) to supply information or documents that is prohibited under the laws or in the normal course of administration of either of the Contracting States;

- (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.

Article 29

Members of Diplomatic and Consular Posts

The provisions of this Convention shall not affect the tax privileges granted to members of diplomatic missions and consular posts under the general rules of international law or under the provisions of special agreements.

Article 30

Entry Into Force

Each Contracting State shall notify the other Contracting State the completion of the procedures required by its law for bringing this Convention into force.

This Convention shall enter into force on the date of the last notifications and shall have effect:

- (a) with respect to taxes withheld at source, in respect of amounts paid or payable, from the first day in which this Convention enters into force;
- (b) with respect to other taxes in respect of income generated in taxation year beginning after the first day of January of the year in which this Convention enters into force.

Article 31

Termination

- (1) This Convention shall remain in force for an unlimited period of time, until terminated by a Contracting State. Either one of the Contracting States may terminate this Convention, through diplomatic channels, by giving a prior notice of termination at least six months before the expiration of five years from the date on which this Convention enters into force. In such event, this Convention shall cease to have effect:
 - (a) with respect to taxes withheld at source, in respect of amounts paid or payable from the 31 st of December of the year in which the notice of termination is given;
 - (b) with respect to other taxes or income earned, to taxes applicable to any tax year, beginning after the 1 st of January of the year in which the notice of termination is given.

In witness whereof, the undersigned duly authorized by their respective Governments, have signed this Convention.

Done in duplicate, at Dubai, on the 24th day of September of the year 2003, corresponding to the 27th day of Rajab of the year 1424 AH, in Portuguese, English and Arabic, each text being equally authentic. The English text shall prevail in case of a difference in interpretation.

**FOR THE GOVERNMENT OF THE
REPUBLIC OF MOZAMBIQUE:**

Luisa Dias Diogo

**FOR THE GOVERNMENT OF THE
UNITED ARAB EMIRATES:**

Illegible

PROTOCOL

At the time of the signing this Convention, between the Government of the Republic of Mozambique and the Government of the United Arab Emirates, for the avoidance of double taxation and for the prevention of fiscal evasion with respect to taxes on income and on capital, the undersigned have agreed on the following provisions which shall form an integral part of this Convention.

- (1) For the purpose of this Convention, the term Government shall include:
 - (a) in case of the United Arab Emirates:
 - (i) the federal Government;
 - (ii) the local government;
 - (iii) the Abu Dhabi Government funds;
 - (iv) the Abu Dhabi Investment Agency;
 - (v) any public institution or other institution connected either wholly or partly to the State of U.A.E. or the local Government in accordance with the right to remain in the U.A.E granted regularly by the competent authorities.

- (b) in case of the Republic of Mozambique: any public institution or other institution that belong either wholly or partly to the State of the Republic of Mozambique, in accordance with the right to remain in the Republic of Mozambique by the competent authorities.

Such Governments or public institutions can establish offices in any of the Contracting States; such offices shall not be considered as a permanent establishment.

- (2) As a complement to the benefits of this Convention, the investors in the Republic of Mozambique or in the U.A.E. shall also enjoy the benefits derived from the existing or future law on future investments in the U.A.E. or in Mozambique.

In witness whereof, the undersigned duly authorized by their respective Governments, have signed this Protocol.

Done in duplicate, at Dubai, on the 24th day of September of the year 2003, corresponding to the 27 of Rajab of 1424 AH in Portuguese, English and Arabic language, each text being equally authentic. The English text shall prevail in case of a difference in interpretation.

**FOR THE GOVERNMENT OF THE
REPUBLIC OF MOZAMBIQUE:**

Luisa Dias Diogo

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