

TAXATION

Shipping and Aircraft

**Agreement Between the
UNITED STATES OF AMERICA
and the UNITED ARAB EMIRATES**

Effected by Exchange of Notes
Dated at Abu Dhabi
October 7 and December 1, 1997



NOTE BY THE DEPARTMENT OF STATE

Pursuant to Public Law 89—497, approved July 8, 1966
(80 Stat. 271; 1 U.S.C. 113)—

“ . . .the Treaties and Other International Acts Series issued under the authority of the Secretary of State shall be competent evidence . . . of the treaties, international agreements other than treaties, and proclamations by the President of such treaties and international agreements other than treaties, as the case may be, therein contained, in all the courts of law and equity and of maritime jurisdiction, and in all the tribunals and public offices of the United States, and of the several States, without any further proof or authentication thereof.”

UNITED ARAB EMIRATES

Taxation: Shipping and Aircraft

*Agreement effected by exchange of notes
Dated at Abu Dhabi October 7 and December 1, 1997;
Entered into force December 1, 1997;
Effective January 1, 1994.*

DEPARTMENT OF STATE
DIVISION OF LANGUAGE SERVICES

(TRANSLATION)

LS NO. J1P 0119981399
ZA/Arabic

UNITED ARAB EMIRATES
MINISTRY OF FOREIGN AFFAIRS
LEGAL AND STUDIES AFFAIRS OFFICE

No. K.d3/1/73/8742-S 1906
Date: 5/6/1418 H
10/7/1997

To: Embassy of the United States of America - Abu Dhabi

The Ministry of Foreign Affairs of the United Arab Emirates presents its compliments to the Embassy of the United States of America and is pleased to enclose a draft note regarding the mutual tax exempt Agreement on income derived from operation of ships and aircraft between the United Arab Emirates and the United States of America. The Ministry requests that United States competent authorities review the said-draft note so that it may be signed by both Parties. The Ministry avails itself this opportunity to express to the esteemed Embassy the assurances of its highest consideration and respect.

[seal of the Ministry of Foreign Affairs
of the United Arab Emirates]



Ref. : : إشارتنا :

Date :

تاريخ : ١٤ هـ

الموافق : ١٩ م

The Government of the United Arab Emirates agrees to exempt from tax gross income derived from the international operation of ships or aircraft by individuals who are residents of the United States (other than citizens of the United Arab Emirates) and corporations which are incorporated in the United States. this exemption is granted on the basis of equivalent exemptions granted by the United States to individual residents of the United Arab Emirates and to corporations organized in the United Arab Emirates .

For the purposes of exemption from the U.S. tax, the government of the United Arab Emirates will be treated as an individual resident of the United Arab Emirates.

In this agreement :

- (A) The terms "contracting state" and " other contracting state" mean the United Arab Emirates or the United States of America, the Governments of which have concluded this agreement.
- (B) Gross income includes all income derived from the international operation of ships or aircraft, including :
- (1) Income from the rental on full (time or voyage) basis of ships or aircraft used in international transport.
 - (2) Income from the rental on a bareboat basis of ships or aircraft used in international transport .
 - (3) Income from the rental of containers and related equipment used in international transport that is incidental to income from the international operation of ships and aircraft , and
 - (4) Gains from the sale or other alienation of ships or aircraft used in international transport derived by a person primarily engaged in the international operation of ships or aircraft .

The Government of the United Arab Emirates proposes that , if the foregoing is acceptable to the Government of the United States , this note and the state Department's note in reply shall constitute an Agreement . The Agreement shall have effect with respect to taxable years beginning on or after January 1 , 1994 .

This Agreement shall continue in force until the Government of either contracting state gives written notice of termination of the Agreement to the other Contracting State through Diplomatic Channels .

For The Government of
the United Arab Emirates

For The Government of
United States of America

EMBASSY OF THE
UNITED STATES OF AMERICA

Note. No. 614

The Embassy of the United States of America presents its compliments to the Ministry of Foreign Affairs of the United Arab Emirates and has the honor to refer to the Ministry's Note No. 3/1/73/8742 dated October 7, 1997, covering a draft note from the Ministry of Finance and Industry, which reads as follows:

BEGIN TEXT

The Government of the United Arab Emirates agrees to exempt from tax gross income derived from the international operation of ships or aircraft by individuals who are residents of the United States (other than citizens of the United Arab Emirates) and corporations which are incorporated in the United States. This exemption is granted on the basis of equivalent exemptions granted by the United States to individual residents of the United Arab Emirates and to corporations organized in the United Arab Emirates.

For the purposes of exemption from the U.S. tax, the government of the United Arab Emirates will be treated as an individual resident of the United Arab Emirates.

In this agreement:

(A) The terms "contracting state" and "other contracting state" mean the United Arab Emirates or the United States of America, the governments of which have concluded this agreement.

(B) Gross income includes all income derived from the international operation of ships or aircraft, including:

(1) Income from the rental on full (time or voyage) basis of ships or aircraft used in international transport.

(2) Income from the rental on a bareboat basis of ships or aircraft used in international transport.

(3) Income from the rental of containers and related equipment used in international transport that is incidental to income from the international operation of ships and aircraft, and

(4) Gains from the sale or other alienation of ships or aircraft used in international transport derived by a person primarily engaged in the international operation of ships or aircraft.

The Government of the United Arab Emirates proposes that, if the foregoing is acceptable to the Government of the United States, this note and the State Department's note in reply shall constitute an agreement. The agreement shall have effect with respect to taxable years beginning on or after January 1, 1994.

This agreement shall continue in force until the government of either contracting state gives written notice of termination of the agreement to the other contracting state through diplomatic channels.

END TEXT

The Embassy, on behalf of the Government of the United States of America, confirms its acceptance of the terms of the Ministry's note with the understanding that in the case of a United Arab Emirates corporation, the exemption from U.S. tax shall apply only if the corporation meets the ownership or public trading requirements of U.S. law. Therefore, the Ministry's note and this note in reply constitute an agreement which shall enter into force on December 1, 1997, and shall have effect with respect to taxable years beginning on or after January 1, 1994.

This agreement shall continue in force until the government of either contracting state gives written notice of termination of the agreement to the other contracting party through diplomatic channels.

The Embassy of the United States of America avails itself of this opportunity to renew to the Ministry of Foreign Affairs the assurances of its highest consideration.

Embassy of the United States of America,

Abu Dhabi, December 1, 1997.



UNITED ARAB EMIRATES

MINISTRY OF FOREIGN AFFAIRS



دولة الامارات العربية المتحدة

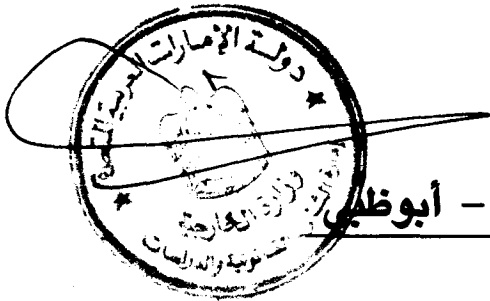
وزارة الخارجية

إدارة الشؤون القانونية والدراسات

الرقم : ق.د. ١/٢٣/٧٣/٨٧٤٢-ص ١٩٠٦
التاريخ : ١٤١٨/٦/٥ هـ
الموافق : ١٩٩٧/٨/٧ م

تهدي وزارة خارجية دولة الإمارات العربية المتحدة أطيب
تحياتها إلى سفارة الولايات المتحدة الأمريكية لدى الدولة .

ويسرها أن ترفق لها مسودة لمذكرة تفاهم بشأن الإعفاء
الضريبي المتبادل على الدخل الناتج عن عمليات النقل البحري
والجوي بين دولة الإمارات العربية المتحدة والولايات المتحدة
الأمريكية لدراستها من قبل الجهات الأمريكية المختصة وإبداء
رأيها تمهيداً لتوقيعها من الجانبين الإماراتي والأمريكي .
تنهز الوزارة هذه المناسبة لتعرب للسفارة الموقرة عن
فائق تقديرها واحترامها .



إلى: سفارة الولايات المتحدة الأمريكية - أبوظبي

موفق: المذكور اعلاه .
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