



# Double Taxation Avoidance Agreement between the United Arab Emirates and Singapore

Entered into force on August 30, 1996

## DEZAN SHIRA & ASSOCIATES

Corporate Establishment, Tax, Accounting & Payroll Throughout Asia

This document was downloaded from ASEAN Briefing ([www.aseanbriefing.com](http://www.aseanbriefing.com)) and was compiled by the tax experts at Dezan Shira & Associates ([www.dezshira.com](http://www.dezshira.com)).

Dezan Shira & Associates is a specialist foreign direct investment practice, providing corporate establishment, business advisory, tax advisory and compliance, accounting, payroll, due diligence and financial review services to multinationals investing in emerging Asia.

**AGREEMENT BETWEEN  
THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE 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**

Date of Conclusion: 1 December 1995.

Entry into Force: 30 August 1996.

Effective Date: Retroactively, 1 January 1992.

The Government of the Republic of Singapore and the Government of the United Arab Emirates desiring to conclude an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income 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 imposed on behalf of a Contracting State, or its political subdivision or local authorities irrespective of the manner in which they are levied.

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

3. The existing taxes to which the Agreement shall apply are:-

(a) in the case of the United Arab Emirates:

(i) Income Tax;

(ii) Corporation Tax;

(hereinafter referred to as "United Arab Emirates tax");

(b) in the case of Singapore:

the income tax,

(hereinafter referred to as "Singapore tax").

4. This Agreement shall also apply to any identical or substantially similar taxes which are imposed after the date of signature of this Agreement in addition to, or in place of, the existing taxes referred to in paragraph 3. The competent authorities of the Contracting States shall notify each other of any substantial changes which have been made in their respective taxation laws within a reasonable period of time after such changes.

5. If by reason of changes made in the taxation law of either Contracting State, it seems desirable to amend any Article of this Agreement without affecting the general principles thereof, the necessary amendments may be made by mutual consent by means of an exchange of diplomatic notes or in any other manner in accordance with their constitutional procedures.

### **ARTICLE 3 - GENERAL DEFINITIONS**

1. In this Agreement, unless the context otherwise requires:-

- (a) the term "United Arab Emirates or U.A.E." means the United Arab Emirates and, when used in a geographical sense, means the United Arab Emirates territory and territorial sea, including islands and any area adjacent to its territorial sea in which the United Arab Emirates may exercise sovereign rights or jurisdiction in relation to such activities as may be permitted under international law;
- (b) the term "Singapore" means the Republic of Singapore;
- (c) the terms "a Contracting State" and "the other Contracting State" mean the United Arab Emirates or Singapore as the context requires;
- (d) the term "tax" means United Arab Emirates tax or Singapore tax as the context requires;
- (e) the term "person" includes an individual, a company and any other entity which is treated as a taxable entity under the tax laws of the respective Contracting States;
- (f) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;
- (g) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively, an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
- (h) the term "national" means:-
  - (i) in the case of United Arab Emirates, all individuals possessing the nationality of United Arab Emirates in accordance with United Arab Emirates laws and any legal person, partnership and other body corporate deriving the status as such from United Arab Emirates laws;
  - (ii) in relation to Singapore, any individual possessing the citizenship of Singapore, and any legal person, partnership, association and any other entity deriving its status as such from the laws in force in Singapore;

- (i) the terms "resident of a Contracting State" and "resident of the other Contracting State" mean a person who is a resident of United Arab Emirates or a person who is a resident of Singapore as the context requires.
2. The term "international traffic" means any transport by ships or aircraft operated by an enterprise which has its place of management in either of the Contracting States except when the ship or aircraft is operated solely between places in the other Contracting State.
3. The term "competent authority" means:
- (a) in the case of United Arab Emirates, the Minister of Finance and Industry or his authorised representative; and
  - (b) in the case of Singapore, the Minister for Finance or his authorised representative.
4. In the application of the Agreement by a Contracting State, any term not defined therein shall - unless the context otherwise requires - have the meaning which it has under the laws of that 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 any person who is a resident of a Contracting State in accordance with the taxation laws of that State.
2. For the purpose of paragraph 1, the term "a resident of a Contracting State" shall include:-
- (a) in the case of United Arab Emirates:
    - (i) the Federal Government and local Governments;
    - (ii) a political subdivision of U.A.E.;
    - (iii) the U.A.E. Central Bank, Abu Dhabi Investment Authority, insofar as they are residents of U.A.E. in accordance with the taxation laws of U.A.E.;
    - (iv) any statutory body, institution or entity which is a resident of U.A.E. in accordance with the taxation laws of U.A.E.
  - (b) in the case of Singapore:
    - (i) the Government of Singapore;
    - (ii) the Monetary Authority of Singapore, the Board of Commissioners of Currency and the Government Investment Corporation of Singapore Pte Ltd;
    - (iii) any statutory body, institution or entity which is a resident of Singapore in accordance with the taxation laws of Singapore.

3. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then his case shall be determined in accordance with the following rules:

- (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 (centre of vital interests);
- (b) if the Contracting State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;
- (c) if he has an habitual abode in both Contracting States or in neither of them, 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 State in which its place of effective management is situated. If its place of effective management cannot be determined, the competent authorities of the Contracting States shall settle the question by mutual agreement.

#### **ARTICLE 5 - PERMANENT ESTABLISHMENT**

1. For the purposes of this Agreement, 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) a workshop;
- (f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources including timber or other forest produce;
- (g) a farm or plantation where agriculture or forestry activities are carried on.

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 9 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 6 months in any calendar year.

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 of 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.

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

- (a) he has 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 from which he regularly sells goods or merchandise for or on behalf of such enterprise; or
- (c) he habitually secures 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 situated in the other Contracting State may be taxed in that other State.
2.
  - (a) The term "immovable property" shall, subject to the provisions of subparagraph (b) and (c), have the meaning which it has under the law of the Contracting State in which the property in question is situated;
  - (b) the term "immovable property" shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources;
  - (c) ships and aircraft shall not be regarded as immovable property.
3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.
4. The provisions of paragraphs 1 and 3 shall also apply to income from immovable property of an enterprise and to income from immovable property used for the performance of professional services.

## **ARTICLE 7 - BUSINESS PROFITS**

1. The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.
2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.
3. In determining the profits of a permanent establishment, there shall be allowed as deductions expenses, including executive and general administrative expenses, which would be deductible if the permanent establishment were an independent enterprise, insofar as they are reasonably allocable to the permanent establishment whether incurred in the Contracting State in which the permanent establishment is situated or elsewhere.
4. Insofar as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the 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 purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

7. Where profits include items of income which are dealt with separately in other Articles of this Agreement, then the provisions of those Articles shall not be affected by the provisions of this Article.

## **ARTICLE 8 - SHIPPING**

1. Profits derived by an enterprise of a Contracting State from the operation of ships in international traffic shall be taxable only in that Contracting State.

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

3. Profits derived by an enterprise of a Contracting State from operation of ships in international traffic shall include:

- (a) income from rental of containers and related equipment used in international transport which is incidental to income from operation of ships in international traffic; and
- (b) gains from the alienation of ships, spares, equipment and other movable property used by the enterprise in the operation of ships in international traffic, irrespective of the manner in which it is levied.

4. A shipping enterprise of a Contracting State shall be exempt from tax in the other Contracting State on:-

- (a) interest derived from deposits with banks where the deposits are from funds directly connected with the operation of ships in international traffic;
- (b) income and profits derived from training schemes, management and other services rendered to a shipping enterprise of the other Contracting State.

## **ARTICLE 9 - ASSOCIATED ENTERPRISES**

Where -

- (a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between



independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

## **ARTICLE 10 - DIVIDENDS**

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

2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed 5 percent of the gross amount of the dividends.

3. Under the current Singapore laws, where dividends are paid by a company which is a resident of Singapore to a resident of the United Arab Emirates who is the beneficial owner of such dividends, there is no tax in Singapore which is chargeable on dividends in addition to the tax chargeable on the profits or income of the company.

4. The provisions of paragraph 2 shall apply to dividends paid by a company which is a resident of Singapore if Singapore, subsequent to the date of signature of this Agreement, imposes a tax on dividends in addition to the tax chargeable in respect of the profits or income of the company.

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

6. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 13, as the case may be, shall apply.

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

- 8.
- (a) Dividends shall be deemed to arise in United Arab Emirates if they are paid by a company which is a resident of United Arab Emirates;
  - (b) Dividends shall be deemed to arise in Singapore -
    - (i) if they are paid by a company which is a resident of Singapore; or

- (ii) if they are paid by a company which is a resident of Malaysia out of profits arising in Singapore and qualifying as dividends arising in Singapore under Article VII of the Agreement for the Avoidance of Double Taxation between Singapore and Malaysia signed on 26th December 1968.

## **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. However, such interest may also be taxed in the Contracting State in which it arises and according to the law of that State, but if the recipient is the beneficial owner of the interest, the tax so charged shall not exceed 7 percent of the gross amount of the interest.

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

4. For the purposes of paragraph 3 the term "Government":

(a) in the case of the United Arab Emirates means the Government of United Arab Emirates, and shall include:

- (i) a local Government thereof;
- (ii) United Arab Emirates Central Bank;
- (iii) Abu Dhabi Investment Authority;
- (iv)
  - (aa) a statutory body; or
  - (bb) any institution wholly or substantially owned by the Government of United Arab Emirates, a local Government, a local authority or a statutory body thereof,

as may be agreed from time to time between the competent authorities of the Contracting States;

(b) in the case of Singapore means the Government of Singapore and shall include:

- (i) the Monetary Authority of Singapore and the Board of Commissioners of Currency;
- (ii) Government of Singapore Investment Corporation Pte Ltd.;
- (iii)
  - (aa) a statutory body; or
  - (bb) any institution wholly or substantially owned by the Government of Singapore, a local authority or statutory body thereof,

as may be agreed from time to time between the competent authorities of the Contracting States.

5. 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 a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures including premiums and prizes attaching to such securities, bonds or debentures, as well as income assimilated to income from money lent by the taxation law of the State in which the income arises, including interest on deferred payment sales. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.

6. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 13, as the case may be, shall apply.

7. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority, a statutory body 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.

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

## **ARTICLE 12 - ROYALTIES**

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

2. However, such royalties may also be taxed in the other 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 percent of the gross amount of such royalties.

3. Notwithstanding the provisions of paragraph 2, a Contracting State may exempt or reduce the tax on industrial royalties in accordance with its domestic laws.

4. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including any royalty or other amount paid in respect of motion picture films or tapes for broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for

information concerning industrial, commercial or scientific experience but excluding royalties in respect of the operation of mines or quarries or exploitation of natural resources.

5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 13, 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, a statutory body, or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment or 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 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 - INDEPENDENT PERSONAL SERVICES**

1. Income derived by an individual who is a resident of a Contracting State from the performance of professional services or other independent activities of a similar character shall be taxable only in that State except in the following circumstances when such income may also be taxed in the other Contracting State:

- (a) if he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities; in that case, only so much of the income as is attributable to that fixed base may be taxed in that other State; or
- (b) if his stay in the other Contracting State is for a period or periods exceeding in the aggregate 183 days in the relevant calendar year; in that case, only so much of the income as is derived from his activities performed in that other State may be taxed in that other State.

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

## **ARTICLE 14 - DEPENDENT PERSONAL SERVICES**

1. Subject to the provisions of Articles 15, 17, 18, 19 and 20, salaries, wages and other similar remuneration or income derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

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

- (a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in the calendar year; and
- (b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State; and
- (c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

## **ARTICLE 15 - DIRECTORS' FEES**

1. Directors' fees and similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other State.

2. The remuneration which a person to whom paragraph 1 applies derives from the company in respect of the discharge of day-to-day functions of a managerial or technical nature may be taxed in accordance with the provisions of Article 14.

## **ARTICLE 16 - ARTISTES AND ATHLETES**

1. Notwithstanding the provisions of Articles 13 and 14, income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as an athlete, from his personal activities as such exercised in the other Contracting State, may be taxed in that other Contracting State.

Such income shall, however, be exempt from tax in that other Contracting State if such activities are supported, wholly or substantially, from the public funds of the Government of either Contracting State or a political sub-division, a local authority or a statutory body thereof.

2. Where income in respect of, or related directly or indirectly to, personal activities exercised in a Contracting State by an entertainer or an athlete in his capacity as such accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of Articles 7 and 13, be taxed in that Contracting State.

Such income shall, however, be exempt from tax in that Contracting State if such activities are supported, wholly or substantially, from the public funds of the Government of either Contracting State or a political subdivision, a local authority or a statutory body thereof.

#### **ARTICLE 17 - PENSIONS**

Pensions and other similar remuneration other than pensions referred to in Article 18, paid to a resident of a Contracting State in consideration of past employment shall be taxable only in that State.

#### **ARTICLE 18 - GOVERNMENT SERVICE**

1.
  - (a) Remuneration, other than a pension, paid by a Contracting State or a political subdivision, a local authority or a statutory body thereof to an individual in respect of services rendered to that State or subdivision or authority or body shall be taxable only in that State.
  - (b) However, such remuneration shall be taxable only in the other Contracting State if the services are rendered in that other State and the individual is a resident of that other State who:
    - (i) is a national of that other State; or
    - (ii) did not become a resident of that other 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, a local authority or a statutory body thereof to an individual in respect of services rendered to that State or subdivision or authority or body shall be taxable in that State.
  - (b) However, such pension shall be taxable only in the Contracting State of which the individual is a resident if he is a national of that State.
3. The provisions of Articles 14, 15 and 17 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, a local authority or a statutory body thereof.

#### **ARTICLE 19 - TEACHERS AND RESEARCHERS**

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

## ARTICLE 20 - STUDENTS AND TRAINEES

1. An individual who is a resident of a Contracting State immediately before making a visit to the other Contracting State and is present in that other Contracting State for a period not exceeding five years solely -

- (a) as a student at a recognised university, college or school in that other Contracting State;
- (b) as a recipient of grant, allowance or award for the primary purpose of study or research from a governmental, religious, charitable, scientific, literary or educational organisation;
- (c) as a business apprentice;

shall be exempt from tax of that other Contracting State in respect of -

- (i) remittances from abroad for the purpose of his maintenance, education or training,
- (ii) the grant, allowance or award, and
- (iii) remuneration for personal services in that other Contracting State not exceeding the sum of 3,500 United States dollars or its equivalent sum in Singapore or U.A.E. currency, during any calendar year, or such amount as may be agreed from time to time between the competent authorities of the Contracting States; provided that any amount in excess of 3,500 United States dollars (or such revised amount) or its equivalent in Singapore or U.A.E. currency shall remain taxable according to the law of that other State, due regard being had to the other provisions of the Agreement.

2. An individual who is a resident of a Contracting State immediately before making a visit to the other Contracting State and is present in that other Contracting State for a period not exceeding twelve months as an employee of, or under contract with, an enterprise of the first-mentioned Contracting State, or an organisation referred to in sub-paragraph (b) of paragraph 1, solely to acquire technical, professional or business experience from a person other than such enterprise or organisation, shall be exempt from tax of that other Contracting State on the remuneration for such period, received from abroad, or paid in that other Contracting State for his services directly related to the acquisition of such experience, if the amount thereof does not exceed the sum of 7,000 United States dollars or its equivalent sum in Singapore or U.A.E. currency, during any calendar year, or such amount as may be agreed from time to time between the competent authorities of the Contracting States; provided that any amount in excess of 7,000 United States dollars (or such revised amount) or its equivalent in Singapore or U.A.E. currency shall remain taxable according to the law of that other State, due regard being had to the other provisions of the Agreement.

3. An individual who is a resident of a Contracting State immediately before making a visit to the other Contracting State and is present in that other Contracting State for a period not exceeding five years under arrangements with the Government (including a local government) of the other Contracting State or any authority or agency thereof, solely for the purpose of study, research or training shall be exempt from tax of that other Contracting State on remuneration, received from abroad, or paid in that other Contracting State for his services directly related to such study, research or training if the amount thereof does not exceed the sum of 7,000 United States dollars or its equivalent sum in Singapore or U.A.E. currency, during any calendar year, or such amount as may be agreed from time to time

between the competent authorities of the Contracting States; provided that any amount in excess of 7,000 United States dollars (or such revised amount) or its equivalent in Singapore or U.A.E. currency shall remain taxable according to the law of that other State, due regard being had to the other provisions of the Agreement.

4. The benefits of paragraph 1, 2 or 3 shall not be concurrently cumulative.

#### **ARTICLE 21 - INCOME NOT EXPRESSLY MENTIONED**

Items of income not expressly mentioned in the foregoing Articles of this Agreement and arising in a Contracting State may be taxed in that State.

#### **ARTICLE 22 - LIMITATION OF RELIEF**

1. Where this Agreement provides (with or without other conditions) that income from sources in U.A.E. shall be exempt from tax, or taxed at a reduced rate, in U.A.E. and under the laws in force in Singapore the said income is subject to tax by reference to the amount thereof which is remitted to or received in Singapore and not by reference to the full amount thereof, then the exemption or reduction of tax to be allowed under this Agreement in U.A.E. shall apply only to so much of the income as is remitted to or received in Singapore.

2. However, this limitation does not apply to income derived by the Government of Singapore or any person approved by the competent authority of Singapore for the purpose of this paragraph. The term "the Government of Singapore" shall include its agencies and statutory bodies.

#### **ARTICLE 23 - ELIMINATION OF DOUBLE TAXATION**

1. The laws of each Contracting State shall continue to govern the taxation of income in that State except where express provision to the contrary is made in the present Agreement. Where income is subject to tax in both Contracting States, relief from double taxation shall be given in accordance with the following paragraphs of this Article.

2. In U.A.E. double taxation shall be eliminated as follows:

- (a) Where a resident of U.A.E. derives income which, in accordance with the provisions of this Agreement, may be taxed in Singapore, U.A.E. shall allow as a deduction from the tax on the income of that person, an amount equal to the Singapore tax paid on that income. Subject to the provisions of subparagraph (b), where such income is a dividend paid by a company which is a resident of Singapore to a resident of U.A.E. the deduction shall take into account Singapore tax payable on the profits of the company paying the dividends.

Such deduction shall not, however, exceed that part of the tax on the income, as computed before the deduction is given, which is attributable to the income which may be taxed in Singapore.

- (b) Dividends paid by a company which is a resident of Singapore to a company which is a resident of U.A.E. shall be exempt from U.A.E. tax to the extent that the dividends would have been exempt from tax under U.A.E. taxation law if both companies had been residents of U.A.E.



- (c) Where in accordance with any provision of the Agreement income derived by a resident of U.A.E. is exempt from tax in U.A.E., U.A.E. may nevertheless, in calculating the amount of tax on the remaining income of such resident, take into account the exempted income.
- (d) For the purposes of sub-paragraph (a) the term "Singapore tax paid" shall be deemed to include any amount which would have been payable as Singapore tax for any year but for -
  - (i) any reduction or exemption of Singapore tax on income arising from Singapore granted under the provisions concerning the special incentive measures to promote economic development in Singapore effective on the date of signature of the Agreement;
  - (ii) any reduction or exemption of Singapore tax granted under any other provisions which may subsequently be enacted and which the competent authorities of the Contracting States agree to be for the purpose of promoting economic development.

3. In Singapore double taxation shall be eliminated as follows:

Subject to the provisions of the law of Singapore regarding the allowance as a credit against Singapore tax of tax payable in any country other than Singapore, U.A.E. tax payable, whether directly or by deduction, in respect of income from sources within U.A.E. shall be allowed as a credit against Singapore tax payable in respect of that income.

Where such income is a dividend paid by a company which is a resident of U.A.E. to a resident of Singapore, the credit shall take into account U.A.E. tax payable on the profits of the company paying the dividend.

## **ARTICLE 24 - NON-DISCRIMINATION**

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

2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities.

3. Nothing in this Article shall be construed as obliging a Contracting State to grant to -

- (a) residents of the other Contracting State any personal allowances, reliefs and reductions for tax purposes which it grants to its own residents, or
- (b) nationals of the other Contracting State those personal allowances, reliefs and reductions for tax purposes which it grants to its own nationals who are not resident in that Contracting State or to such other persons as may be specified in the taxation laws of that Contracting State.

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

5. Where a Contracting State grants tax incentives to its nationals designed to promote economic development in accordance with its national policy and criteria, it shall not be construed as discrimination under this Article.

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

## **ARTICLE 25 - MUTUAL AGREEMENT PROCEDURE**

1. Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the law of those States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 24, to that of the Contracting State of which he is a national. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Agreement.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with the Agreement. Any agreement reached shall be implemented within the time limits in the domestic law of the Contracting States.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Agreement. In particular, they may consult together for the purpose of reaching an agreement on the allocation of income in cases referred to in Article 9. They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.

4. In the event the competent authorities reach an agreement referred to in paragraphs 2 and 3, taxes shall be imposed on such income, and refund or credit of taxes shall be allowed by the Contracting States in accordance with such agreement. It shall be implemented within the time limits in the domestic law of the Contracting States.

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

## **ARTICLE 26 - EXCHANGE OF INFORMATION**

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Agreement or of the domestic laws of the Contracting States concerning taxes covered by the Agreement insofar as the taxation thereunder is not contrary to the Agreement. Any information received 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, or the determination of appeals in relation to, the taxes covered by the Agreement.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on a Contracting State the obligation:

- (a) to carry out administrative measures at variance with the laws or the administrative practice of that or of the other Contracting State;
- (b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;
- (c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy (ordre public).

## **ARTICLE 27 - DIPLOMATIC AGENTS AND CONSULAR OFFICERS**

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

## **ARTICLE 28 - ENTRY INTO FORCE**

1. This Agreement shall be approved by Singapore and U.A.E. in accordance with their respective legal procedures. The Governments of Singapore and U.A.E. shall notify each other that these procedures have been complied with.

2. The Agreement shall enter into force thirty days after the date of the later of the notifications referred to in paragraph 1 and its provisions shall have effect:

- (a) in Singapore:
  - in respect of Singapore tax, on income derived on or after 1st January 1992;
- (b) in United Arab Emirates:
  - (i) in respect of taxes withheld at source, on income derived on or after 1st January 1992;
  - (ii) in respect of other taxes, on income derived on or after 1st January 1992.

## ARTICLE 29 - TERMINATION

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

(a) in Singapore:

in respect of Singapore tax, for any year of assessment beginning on or after 1st January in the second calendar year following the year in which the notice is given;

(b) in United Arab Emirates:

(i) in respect of taxes withheld at source, on income derived on or after 1st January in the calendar year immediately following the year in which the notice is given;

(ii) in respect of other taxes, for any taxable year beginning on or after 1st January in the second calendar year following the year in which the notice is given.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto, have signed this Agreement.

DONE AT SINGAPORE IN DUPLICATE, THIS FRIDAY 1 DECEMBER 1995 CORRESPONDING TO H 9/7/1416 IN THE ARABIC AND ENGLISH LANGUAGES, BOTH TEXTS BEING EQUALLY AUTHENTIC. IN CASE OF DIVERGENCE, THE ENGLISH TEXT SHALL PREVAIL.

FOR THE GOVERNMENT OF THE  
REPUBLIC OF SINGAPORE

DR. RICHARD HU  
MINISTER FOR FINANCE

FOR THE GOVERNMENT OF THE  
UNITED ARAB EMIRATES

AHMED HUMAID AL TAYER  
MINISTER OF STATE FOR  
FINANCE AND INDUSTRY

## PROTOCOL (1995)

At the signing of the Agreement between the Government of the Republic of Singapore 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 (hereinafter referred to as "the Agreement"), the undersigned have agreed upon the following provisions which form an integral part of the Agreement:

1. With respect to gains from the alienation of movable and immovable properties, it is understood that under the current laws of both Contracting States, there does not exist any tax on capital gains. Therefore, no tax shall be levied on capital gains in either Contracting State so long as the current laws remain unchanged.
2. Notwithstanding the provisions of the Agreement, if the domestic laws of a Contracting State provide, with or without conditions, for a tax treatment which is more favourable than that provided in the Agreement, the domestic law treatment shall be applied to a resident of the other Contracting State subject to the necessary approvals required under the domestic law, where applicable. In this connection, it is understood that under the current laws of Singapore, tax incentives are available to approved offshore financial activities and related fund management activities. Such incentives provide for tax rates which are lower than the normal rate of tax.
3. Subject to the provisions of Article 21, nothing in this Agreement shall affect the right of the Government of the United Arab Emirates, its political sub-division, local authorities or local Governments to apply its own laws related to the taxation of income derived from petroleum and natural resources; such activities will be taxed according to the laws of the United Arab Emirates.
4. If, subsequent to the signature of the Agreement, Singapore should enter into such an agreement with a third State under which Singapore accords a treatment more favourable than that accorded to the U.A.E., the competent authority of Singapore may consider whether such similar treatment should also be accorded to U.A.E., with due regard to the circumstances of each case, and in particular the circumstances under which the more favourable treatment had been accorded to the third State.
5. Notwithstanding the provisions of the Agreement, the Agreement between the Government of the Republic of Singapore and the Government of the United Arab Emirates for Reciprocal Exemption with respect to Taxes on Income arising from the business of International Air Transport, signed on 27th October 1989, shall have full force and effect unless otherwise terminated.
6. It is understood that nothing contained in the Agreement shall affect the fiscal privileges which are available to the Government of a Contracting State under the doctrine of sovereign immunity. The availability and scope of the fiscal privileges to be granted in each State under this doctrine shall be subject to the domestic laws of that State. The privileges, if available, are only applicable to activities which are agreed by the competent authorities of both Contracting States to be in the performance of functions which are public or governmental in nature.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto, have signed this Protocol.

DONE AT SINGAPORE IN DUPLICATE, THIS FRIDAY 1 DECEMBER 1995 CORRESPONDING TO H 9/7/1416 IN THE ARABIC AND ENGLISH LANGUAGES, BOTH TEXTS BEING EQUALLY AUTHENTIC. IN CASE OF DIVERGENCE, THE ENGLISH TEXT SHALL PREVAIL.

FOR THE GOVERNMENT OF THE  
REPUBLIC OF SINGAPORE

DR. RICHARD HU  
MINISTER FOR FINANCE

FOR THE GOVERNMENT OF THE  
UNITED ARAB EMIRATES

AHMED HUMAID AL TAYER  
MINISTER OF STATE FOR  
FINANCE AND INDUSTRY