

Subpart A.—Tax Conventions

UNITED ARAB EMIRATES

UNITED ARAB EMIRATES
MINISTRY OF
FOREIGN AFFAIRS
ABU DHABI
DECEMBER 1, 1997

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.

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

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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.

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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.