STATUTORY INSTRUMENTS

# 2016 No. 754

# CAPITAL GAINS TAX
# CORPORATION TAX
# INCOME TAX

## The Double Taxation Relief and International Tax Enforcement (United Arab Emirates) Order 2016

*Made - - - - 13th July 2016*

At the Court at Buckingham Palace, the 13th day of July 2016

Present,

The Queen's Most Excellent Majesty in Council

A draft of this Order was laid before the House of Commons in accordance with section 5(2) of the Taxation (International and Other Provisions) Act 2010(**1**) and section 173(7) of the Finance Act 2006(**2**)and approved by a resolution of that House.

Accordingly, Her Majesty, in exercising the powers conferred upon Her by section 2 of the Taxation (International and Other Provisions) Act 2010 and section 173(1) of the Finance Act 2006, by and with the advice of Her Privy Council, orders as follows—

**Citation**

**1.** This Order may be cited as the Double Taxation Relief and International Tax Enforcement (United Arab Emirates) Order 2016.

**Double taxation and international tax enforcement arrangements to have effect**

**2.** It is declared that—

(a) the arrangements specified in the Convention set out in the Schedule to this Order have been made with the Government of the United Arab Emirates;

(b) the arrangements have been made with a view to affording relief from double taxation in relation to capital gains tax, corporation tax and income tax and taxes of a similar

(**1**) 2010 c.8.
(**2**) 2006 c. 25.

character imposed by the laws of the United Arab Emirates and for the purposes of assisting international tax enforcement; and

(c) it is expedient that those arrangements should have effect.

*Ceri King*
Deputy Clerk of the Privy Council

SCHEDULE Article 2

# CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND THE GOVERNMENT OF THE UNITED ARAB EMIRATES FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF T EVASION AND AVOIDANCE WITH RESPECT TO TAXES ON INCOM AND ON CAPITAL GAINS

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the United Arab Emirates;

Desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion and avoidance with respect to taxes on income and capital gains.

Have agreed as follows:

## ARTICLE 1

## Persons covered

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

2. Nothing in this Convention shall affect the right of either Contracting State, any polit subdivision, local government or local authority thereof, to apply its own laws and regulation related to the taxation of income and profits derived from hydrocarbons situated in that State.

## ARTICLE 2

## Taxes covered

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

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

3. The existing taxes to which the Convention shall apply are in particular:

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

(i) the income tax;

(ii) the corporate tax;

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

(b) in the case of the United Kingdom:

(i) the income tax;

(ii) the corporation tax; and

(iii) the capital gains tax;

(hereinafter referred to as "United Kingdom tax").

4. The Convention shall apply also to any identical or substantially similar taxes that ar imposed after the date of signature of the Convention in addition to, or in place of, the existin taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their taxation laws.

## ARTICLE 3

## General definitions

1. For the purposes of this Convention, unless the context otherwise requires:

(a) the term "United Arab Emirates" means the United Arab Emirates and, when used in geographical sense, means the territory of the mainland and islands under its sovereig including the territorial sea and airspace, as well as the sea bed and subsoil over whic accordance with international law the United Arab Emirates exercises, under the law the United Arab Emirates, sovereign rights with respect to the exploration and exploitation of the natural resources thereof;

(b) the term "United Kingdom" means Great Britain and Northern Ireland and, when use a geographical sense, means the territory and territorial sea of Great Britain and Nort Ireland and the areas beyond that territorial sea over which Great Britain and Norther Ireland exercise sovereign rights or jurisdiction in accordance with their domestic law international law;

(c) the term "business" includes the performance of professional services and of other activities of an independent character;



(d) the term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;

(e) the term "competent authority" means:

(i) in the case of the United Arab Emirates, the Minister of Finance or his authorised representative;

(ii) in the case of the United Kingdom, the Commissioners for Her Majesty's Revenue and Customs or their authorised representative;

(f) the terms "a Contracting State" and "the other Contracting State" mean the United Arab Emirates or the United Kingdom, as the context requires;

(g) the term "enterprise" applies to the carrying on of any business;

(h) 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;

(i) the term "international traffic" means any transport by a ship or aircraft, except when the ship or aircraft is operated solely between places in a Contracting State and the enterprise that operates the ship or aircraft is not an enterprise of that State;

(j) the term "national" means:

(i) in respect of the United Arab Emirates:

aa) any individual possessing the nationality of the United Arab Emirates;

bb) any legal person, partnership or association deriving its status as such from the laws in force in the United Arab Emirates;

(ii) in relation to the United Kingdom, any British citizen, or any British subject not possessing the citizenship of any other Commonwealth country or territory, provided he has the right of abode in the United Kingdom; and any legal person, partnership or association deriving its status as such from the laws in force in the United Kingdom;

(k) the term "pension scheme" means any scheme or other arrangement which:

(i) is generally exempt from income taxation; and

(ii) operates to administer or provide pension or retirement benefits or to earn income for the benefit of one or more such arrangements;

(l) the term "person" includes an individual, a company and any other body of persons;

(m) the term "recognised stock exchange" means:

(i) the Abu Dhabi Securities Exchange, the Dubai Financial Market, the Abu Dhabi Global Market, the Dubai Gold and Commodities Exchange, any successors thereto, and any other United Arab Emirates investment exchange recognised under United Arab Emirates law;