

No. 45155*

**South Africa
and
Ethiopia**

Agreement between the Republic of South Africa and the Federal Democratic Republic of Ethiopia for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Addis Ababa, 17 March 2004

Entry into force: *4 January 2006 by notification, in accordance with article 27*

Authentic texts: *English*

Registration with the Secretariat of the United Nations: *South Africa, 1 August 2008*

**Afrique du Sud
et
Éthiopie**

Accord entre la République sud-africaine et la République fédérale démocratique d'Éthiopie tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu. Addis-Abeba, 17 mars 2004

Entrée en vigueur : *4 janvier 2006 par notification, conformément à l'article 27*

Textes authentiques : *anglais*

Enregistrement auprès du Secrétariat des Nations Unies : *Afrique du Sud, 1er août 2008*

* *The text reproduced below is the original text of the agreement as submitted. For ease of reference, it was sequentially paginated. The relevant Treaty Series volume will be published in due course.*

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[ENGLISH TEXT – TEXTE ANGLAIS]

AGREEMENT
BETWEEN
THE REPUBLIC OF SOUTH AFRICA
AND
THE FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA
FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE
PREVENTION OF FISCAL EVASION WITH RESPECT TO
TAXES ON INCOME

Preamble

The Republic of South Africa and the Federal Democratic Republic of Ethiopia, 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

Persons Covered

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 of its political subdivisions, 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 the alienation of movable or immovable property.
3. The existing taxes to which the Agreement shall apply are:
 - (a) in Ethiopia:
 - (i) the tax on income from employment and related emoluments;
 - (ii) the tax on income from incorporated and unincorporated business including tax on income from agricultural activities and tax on income from real estate rent;
 - (iii) the taxes on income derived from services rendered abroad;
 - (iv) the tax on dividends, royalties and chance winnings; and
 - (v) the capital gains tax;

(hereinafter referred to as "Ethiopian tax"); and

(b) in South Africa:

- (i) the normal tax;
- (ii) the secondary tax on companies; and
- (iii) the withholding tax on royalties;

(hereinafter referred to as "South African tax").

4. The Agreement shall apply also to any identical or substantially similar taxes that are imposed by either Contracting State after the date of signature of the Agreement in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their respective taxation laws.

Article 3

General Definitions

1. For the purposes of this Agreement, unless the context otherwise requires:
- (a) the term "Ethiopia" means the Federal Democratic Republic of Ethiopia and, when used in a geographical sense, it means the national territory and any other area which in accordance with international law and the laws of Ethiopia is or may be designated as an area in which Ethiopia exercises sovereign rights or its jurisdiction; and
 - (b) the term "South Africa" means the Republic of South Africa and, when used in a geographical sense, includes the territorial sea thereof as well as any area outside the territorial sea, including the continental shelf, which has been or may hereafter be designated, under the laws of South Africa and in accordance with international law, as an area within which South Africa may exercise sovereign rights or jurisdiction;
 - (c) the terms "a Contracting State" and "the other Contracting State" mean Ethiopia or South Africa, as the context requires;
 - (d) the term "business" includes the performance of professional services and of other activities of an independent character;
 - (e) the term "company" means any body corporate or any entity that is treated as a company or body corporate for tax purposes;
 - (f) the term "competent authority" means:
 - (i) in Ethiopia, the Minister of Finance or an authorised representative; and
 - (ii) in South Africa, the Commissioner for the South African Revenue Service or an authorised representative;

- (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 operated by an enterprise of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
 - (j) the term "national" means:
 - (i) any individual possessing the nationality of a Contracting State;
 - (ii) any legal person or association deriving its status as such from the laws in force in a Contracting State and includes a partnership in the case of Ethiopia;
 - (k) the term "person" includes an individual, a company and any other body of persons that is treated as an entity for tax purposes; and
 - (l) the term "tax" means Ethiopian tax or South African tax, as the context requires, but does not include any penalties or fines in respect of any default or omission in relation thereto.
2. As regards the application of the provisions of the Agreement at any time by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that State for the purposes of the taxes to which the Agreement applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.

Article 4

Resident

1. For the purposes of this Agreement, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of that person's domicile, residence, place of management or any other criterion of a similar nature, and also includes that State and any political subdivision or local authority thereof. This term, however, does not include any person who is liable to tax in that State in respect only of income from sources therein.