

**Sri Lanka - United Arab Emirates
Transport Tax Treaty
(1992)**

Status: In Force

Conclusion Date: 7 July 1992.

Entry into Force: 8 August 1994.

Effective Date: 1 January 1979 (see [Article 6](#)).

**AGREEMENT BETWEEN
THE GOVERNMENT OF THE DEMOCRATIC REPUBLIC OF SRI LANKA AND
THE GOVERNMENT OF THE UNITED ARAB EMIRATES
FOR THE AVOIDANCE OF DOUBLE TAXATION OF INCOME
DERIVED FROM INTERNATIONAL AIR TRANSPORT**

Article 1

Taxes covered

1. The taxes which are the subject of this Agreement are:
 - (a) in the Democratic Socialist Republic of Sri Lanka:
 - the income tax
(hereinafter referred to as "Sri Lanka tax");
 - (b) in the United Arab Emirates:
 - the income tax imposed by the Federal Government or the local authorities of the United Arab Emirates
(hereinafter referred to as "United Arab Emirates tax");

2. This Agreement shall also apply to any identical or substantially similar taxes which are imposed by either Contracting State after the date of signature of this Agreement in addition to, or in place of, the taxes referred to in paragraph 1 of this Article.

Each Contracting State shall immediately inform the other Contracting State of any substantial changes which have been made in its taxation laws.

Article 2

Definitions

1. In this Agreement, unless the context otherwise requires:
 - (a) the terms "a Contracting State" and "the other Contracting State" mean the Democratic Socialist Republic of Sri Lanka or the United Arab Emirates as the context requires;
 - (b) the term "tax" means Sri Lanka tax or the United Arab Emirates tax as the context requires;
 - (c) the term "enterprise of a Contracting State" means:
 - (i) in the case of Sri Lanka: Air Lanka Ltd.;
 - (ii) in the case of United Arab Emirates: Emirates Airline and Gulf Air.

The above-mentioned enterprises may be added to or replaced by other enterprises through the exchange of letters or any other similar arrangements between the two Contracting States;

- (d) the term "international traffic" means any transport by an aircraft operated by an enterprise of a Contracting State except when the aircraft is operated solely between places in the other Contracting State;
- (e) the term "competent authority" means:
 - (i) in the case of Sri Lanka: the Commissioner General of Inland Revenue;
 - (ii) in the case of the United Arab Emirates: the Ministry of Finance and Industry.

2. In the application of the provisions of this Agreement by a Contracting State any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of this Agreement.

Article 3

Avoidance of double taxation

1. Income and profits derived from the operation of aircraft in international traffic by an enterprise of a Contracting State shall be exempted from tax in the other Contracting State.
2. The provisions of paragraph 1 of this Article shall also apply to the share of income and profits from the operation of aircraft in international traffic derived by an enterprise of a Contracting State through participation in a pool, a joint business or an internationally operating agency.
3. For the purpose of this Article:
 - (a) the term "operation of aircraft" shall include transportation by air of passengers, baggage, livestock, goods, or mail carried on by the owners, lessees or charterers of aircraft, including the sale of tickets or similar documents for such transportation, the incidental lease of aircraft and any other activity directly connected with such transportation; and
 - (b) interest on funds directly connected with the operation of aircraft in international traffic shall be regarded as income from the operation of such aircraft; and
 - (c) income and profits derived from training schemes, rendered to an air transport enterprise of the other Contracting State.
4. Gains derived by an enterprise of a Contracting State from the alienation of aircraft operated by the enterprise in international traffic and gains from the alienation of spares equipment or other movable property used by the enterprise in the operation of such aircraft shall be exempt from tax in the other Contracting State.

Article 4

Mutual agreement procedure

1. 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. They may also consult together for the elimination of double taxation in cases not provided for in this Agreement.
2. Consultation may be requested at any time by the competent authority of a Contracting State for the purpose of application or interpretation of the Article. Such consultation shall begin within 90 days from the date of receipt of any such request and decisions shall be by mutual consent.

Article 5

Renegotiation clause

If an enterprise of the Democratic Socialist Republic of Sri Lanka is charged to tax of the kind referred to in Article 1, with respect to income and profits referred to in Article 3, in any State of which Gulf Air is the national carrier, the Contracting States shall open negotiations without delay with a view to adjusting accordingly the exemptions afforded by Article 3 of this Agreement.

Article 6

Entry into force

Each Contracting State shall notify the other of the completion of the relevant procedures required by its laws to bring this Agreement into force. The Agreement shall enter into force on the date of the later of these notifications and shall thereupon have effect as regards income and gains arising on or after the first day of January, Nineteen Seventy Nine.

Article 7

Termination

Subject to the provisions of paragraph 2 of this Article this Agreement shall remain in force indefinitely but either Contracting State may terminate it by giving notice of termination, at least six months before the end of any calendar year after the fifth year following that of the entry into force; in such event this Agreement shall cease to be effective for any year of assessment commencing on or after January in the calendar year next following that in which such notice is given.

In witness whereof, the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

Done in duplicate at Abu Dhabi this seventh day of July, 1992, corresponding to Muharam Hagra 1413, in the Arabic, Sinhala and English languages, all texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

Protocol

At the signing of the Agreement between the Government of the United Arab Emirates and the Government of the Democratic Socialist Republic of Sri Lanka on the avoidance of double taxation of income derived from International Air Transport, both sides have agreed upon the following provision which shall be an integral part of this Agreement.

In case any tax which would have been exempted under this agreement has been collected by either of the Contracting States, the tax shall be refunded upon application submitted by the competent authority of either Contracting State on behalf of its air transport enterprise within six months from the date of such application.

In witness whereof the undersigned, being duly authorized thereto, have signed this Protocol.

Done in Duplicate at Abu Dhabi this seventh day of July, 1992, in the Arabic, Sinhala and English Languages, all texts being equally authentic.

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