

AGREEMENT
BETWEEN THE GOVERNMENT OF THE RUSSIAN FEDERATION
AND THE GOVERNMENT OF THE UNITED ARAB EMIRATES
ON TAXATION OF INCOME FROM INVESTMENTS
OF THE CONTRACTING STATES OR THEIR FINANCIAL
AND INVESTMENT INSTITUTIONS

The Government of the Russian Federation and the Government of the United Arab Emirates,

Desiring to promote and to reinforce economic and financial cooperation between them, and to intensify cooperation in the field of investment,

Acknowledging that the reciprocal tax benefits to the state-owned financial and investment institutions will further enhance the existing strategic partnership and increase the flow of capital between the two countries,

Have agreed as follows:

Article 1

1. The taxes, to which this Agreement shall apply, are in particular:

a) in the Russian Federation:

the tax on profit of organizations;

b) in the United Arab Emirates:

(i) the corporation tax,

(ii) the income tax, including provincial taxes on income chargeable in each Emirate.

2. This Agreement shall also apply to any identical or substantially similar taxes which are imposed by any of the Contracting States after the date of signature of the Agreement in addition to, or in place of, the taxes referred to in paragraph 1 of this Article. The competent authorities of the Contracting States shall notify each other of any substantial changes, which have been made in their respective taxation laws.

3. Notwithstanding any other provision of this Agreement, nothing in this Agreement shall affect the right of any political subdivision or local government of the United Arab Emirates to apply its own laws and regulations regarding the taxation of income, gains and capital relating to the ownership, management, production, exploration, exploitation, transportation and distribution of natural resources and hydrocarbons, including oil and gas, and condensates, derivatives and primary by-products thereof. In the unlikely event of any inconsistency between this paragraph and any other provision of this Agreement, this paragraph shall prevail.

Article 2

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

a) the terms "a Contracting State" and "the other Contracting State" mean the Russian Federation or the United Arab Emirates, as the context requires;

b) the term "Russian Federation" means the territory of the Russian Federation and also its exclusive economic zone and continental shelf, defined according to

the UN Convention on the law of the seas (1982);

c) the term “United Arab Emirates” means the territory of the United Arab Emirates which is under its sovereignty as well as the area outside the territorial waters, airspace and submarine areas over which the United Arab Emirates exercises sovereign and jurisdictional rights in respect of any activity carried on in its water, sea bed, sub soil, in connection with the exploration for or the exploitation of natural resources by virtue of its law and international law;

d) the term “company” means any body corporate or any entity which is treated as a body corporate for tax purposes;

e) the term “resident of a Contracting State” for the purposes of this Agreement means any person other than individual who, under the laws of that Contracting State, is liable to tax therein by reason of its place of incorporation, place of management or any other criterion of a similar nature, and also includes that State and any political subdivision or local government thereof.

Where by reason of the previous provisions of this sub-paragraph such a person is a resident of both Contracting States, then it shall be deemed to be a resident only of the Contracting State in which its place of effective management is situated;

f) the term “political subdivisions” means, with respect to the Russian Federation, subjects of the Russian Federation, defined as such according to its legislation;

g) the term “local government of the United Arab Emirates” means a government of any Emirate of the United Arab Emirates (Abu Dhabi, Dubai, Sharjah, Ras al Khaimah, Fujairah, Umm al Qaiwain and Ajman);

h) the term “competent authorities” means:

(i) in the Russian Federation – the Ministry of Finance of the Russian Federation or its authorized representative;

(ii) in the United Arab Emirates – the Ministry of Finance of the United Arab Emirates or its authorized representative.

i) the expression “Contracting State or its financial and investment institutions” mean:

(i) in the Russian Federation:

- the Government of the Russian Federation;
- the government of any subject of the Russian Federation;
- the Central Bank of the Russian Federation;
- any financial or investment organization, institution, agency or instrumentality wholly owned by the Russian Federation, by the Government of the Russian Federation or by the government of any subject of the Russian Federation;
- Pension fund of the Russian Federation;

(ii) in the United Arab Emirates:

- the Government of the United Arab Emirates;
- any local government of the United Arab Emirates (Abu Dhabi, Dubai, Sharjah, Ras al Khaimah, Fujairah, Umm al Qaiwain and Ajman);
- the Central Bank of the United Arab Emirates;
- the Abu Dhabi Investment Authority;
- Emirates Investment Authority;
- any financial or investment organization, institution, agency or instrumentality wholly owned by the Government of the United Arab Emirates or by any local government of the United Arab Emirates;
- state pension fund of the United Arab Emirates.

The competent authorities of the Contracting States may agree from time to time to extend the benefits provided for by this Agreement to any other similar entity wholly owned by any Contracting State, including its federal government, or any government of the subject of the Russian Federation, or any local government of the United Arab Emirates.

This Agreement shall not affect the right of a Contracting State to benefit from tax incentives, exemptions and allowances provided for or, may be provided by the other Contracting State in accordance with its national laws and regulations.

2. As regards the application of this 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 this Agreement applies, any meaning under applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.

Article 3

1. Income derived by a Contracting State or its financial and investment institutions from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.

2. The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question is situated.

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 law respecting landed property apply, rights known as 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; ships and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 of this Article shall apply to income derived from the direct use, letting, or use in any other form of immovable property.

4. The provisions of paragraph 1 of this Article shall also apply to the income received through a real estate investment trust, a real estate investment fund or a similar collective investment vehicle, which is organised primarily for investing in immovable property.

Article 4

1. Dividends paid by a company which is a resident of a Contracting State to the other Contracting State or its financial and investment institutions shall be taxable only in that other Contracting State.

2. The term "dividends" as used in this Agreement means income from shares or other rights, not being debt-claims, participating in profits, as well as income – even paid in the form of interest – which is subjected to the same taxation treatment as income from shares by the tax legislation of the Contracting State of which the paying company is a resident. This term also means any payments on shares of the mutual investment funds or similar collective investment vehicles (other than real estate investment funds and similar collective investment vehicles, which are organised primarily for investing in immovable property).

Article 5

1. Interest arising in a Contracting State and paid to the other Contracting State or its financial and investment institutions shall be taxable only in that other Contracting State.

2. The term "interest" as used in this Agreement means income from debt-claims of every kind, and in particular income from government securities, bonds and debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.

Article 6

1. Gains derived by a Contracting State or its financial and investment institutions from the alienation of immovable property referred to in Article 3 of this Agreement and situated in the other Contracting State shall be taxed only in that other Contracting State.

2. Gains derived by a Contracting State or its financial and investment institutions from the alienation of shares or other rights deriving more than 50 per cent of their value directly or indirectly from immovable property situated in the other Contracting State may be taxed in that other Contracting State.

3. Gains from the alienation of any property other than that referred to in the preceding paragraphs of this Article shall be taxable only in the Contracting State of which the alienator is a resident.

4. It is understood that gains referred to in paragraph 3 of this Article include gains from the alienation of shares or comparable interest in a company, other than those referred to in paragraph 2 of this Article, derived by a Contracting State or its financial and investment institutions.

Article 7

A resident of either Contracting State shall not be entitled to the benefits of this Agreement if competent authorities of Contracting States come to a conclusion that the main purpose or one of the main purposes of the creation of such a resident was to obtain the benefits of this Agreement that would not be otherwise available.

Article 8

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 domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident. 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 this 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 notwithstanding any time limits provided for 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.

4. 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 of this Article.

Article 9

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Agreement or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local governments, insofar as the taxation thereunder is not contrary to the Agreement. The exchange of information is not restricted by Article 1 of this Agreement.

2. Any information received by a Contracting State shall be treated as confidential 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. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

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

- (a) to carry out administrative measures at variance with the laws and 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.

4. If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other Contracting State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 of this Article but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.

5. In no case shall the provisions of paragraph 3 of this Article be construed to permit a Contracting State to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.

6. Any document received in accordance with this Article or a certificate of residence issued by the competent authority of a Contracting State or its authorised representative shall not require legalisation for the purposes of application in the other Contracting State, including their use in the courts and administrative bodies.

Article 10

Each of the Contracting States shall notify the other in writing, through the diplomatic

channels, of the completion of the procedures required by its law for the entering into force of this Agreement. This Agreement shall enter into force on the date of receipt of the later of these notifications and shall thereupon have effect:

- in respect of tax withheld at source, for amounts paid or credited on or after the first day of January in the calendar year next following that in which the Agreement enters into force and subsequent years; and
- in respect of other taxes on income, for taxation years beginning on or after the first day of January in the calendar year next following that in which the Agreement enters into force and subsequent years.

Article 11

This Agreement shall remain in force indefinitely, but either of the Contracting States may terminate this Agreement, through the diplomatic channels, by giving to the other Contracting State written notice of termination not later than 30 June of any calendar year after the expiration of five years after the year, in which this Agreement entered into force. In such event, the Agreement shall cease to have effect in respect of income derived on or after the first day of January of the calendar year next following that in which the notice of termination is given.

Done in duplicate at Abu Dhabi this 7th day of December 2011. in the Russian, Arabic and English languages, all texts being equally authentic. In case of divergence between the Russian and Arabic texts, the English text shall be the operative one.

For the Government
of the Russian Federation



For the Government
of the United Arab Emirates

