

# United Arab Emirates - Zambia

## Income

### Agreement Signatories: UAE, Zambia

**Citations:**

**Signed:** January 17, 2023

**In Force:** January 17, 2023

**Effective:** In the U.A.E, from January 1, 2023. In Zambia, from January 1, 2023. See Article 33

**Status:** In Force

**Tax Analysts classification:** Income

Supplement to the Republic of Zambia Government  
Gazette dated Wednesday, 11th January, 2023

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#### GOVERNMENT OF ZAMBIA

STATUTORY INSTRUMENT NO. 1 OF 2023

The Income Tax Act  
(Laws, Volume 18, Cap.322)

The Income Tax (Double Taxation Relief) (Taxes on Income)  
(United Arab Emirates) Order, 2023

IN EXERCISE of the powers contained in section 74 of the Income Tax Act, the following Order is made:

1. This Order may be cited as the Income Tax (Double Taxation Relief) (Taxes on Income) (United Arab Emirates) Order, 2023.

2. The Agreement, the text of which is set out in the Schedule, being an Agreement relating to the relief from double taxation on the income made between the Government of the Republic of Zambia and United Arab Emirates has effect in Zambia in accordance with section 74 of the Act.

Title,

Double  
Taxation  
Agreement

(Paragraph 2)

Agreement between the Republic of Zambia and the United Arab Emirates for the  
Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on  
Income and the Prevention of Tax Evasion and Avoidance

The Government of the Republic of Zambia and the United Arab Emirates desiring to further develop their economic relationship and to enhance their cooperation in tax matters, intending to conclude an agreement for the elimination of double taxation with respect to taxes on income without creating opportunities for non taxation or reduced taxation through tax evasion or avoidance (including through treaty shopping arrangement aimed at obtaining reliefs provided in this agreement for the indirect benefit of residents of third States)

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 or local authorities, 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, taxes on the total amounts of wages or salaries paid by enterprises.
3. The existing taxes to which this Agreement shall apply are, in particular:
  - (a) in Zambia: the  
income tax  
(hereinafter referred to as "Zambian tax")
  - (b) in the United Arab Emirates
    - (i) the income tax; and
    - (ii) the corporate tax  
(hereinafter referred to as "UAE tax");
4. This Agreement shall apply also to any identical or substantially similar taxes, which are imposed under the laws of a Contracting State after the date of signature of this Agreement in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any substantial changes, which have been made in their respective taxation laws.

Article 3

Income from Hydrocarbons

Despite any other provision of this Agreement nothing shall affect the right of either one of the Contracting States, or of any of their local Governments or local authorities thereof to apply their domestic laws and regulations related to the taxation of income and profits derived from hydrocarbons situated in the territory of the respective Contracting State, as the case may be.

Article 4

## General definitions

1. For the purposes of this Agreement, unless the context otherwise requires:
  - (a) the terms “ a Contracting State” and “ the other Contracting State” mean Zambia or United Arab Emirates, as the context requires;
  - (b) the Term “Zambia” means the Republic of Zambia; or any area within which Zambia, in accordance with international law, may exercise sovereign rights or jurisdiction.
  - (c) the term “ United Arab Emirates” when used in a geographical sense , means the territory of the United Arab Emirates which is under its sovereignty as well as the area outside the territorial water, 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 “person” includes an individual, an estate, a trust, a partnership, a company and any other body of persons;
  - (e) the term “national” means:
    - (i) any individual possessing the nationality of a Contracting State ; and
    - (ii) any legal person, partnership or association or other entity deriving its status as such from the laws in force in a Contracting State or of a political subdivision or a local government thereof;
  - (f) the term “company” means any body corporate or any entity that is treated as a body corporate for tax purposes;
  - (g) a pension scheme means any plan , scheme, fund, trust, or other arrangement established in a Contracting State, generally exempt from tax in that State and operated principally either to administer or provide pension or retirement benefit or to earn income for the benefit of one or more such arrangements;
  - (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 “business” includes the performance of professional services and of other activities of an independent character.
  - (k) the term “qualified government entity” means, Central bank of a Contracting State, any person , Agency , institution , authority, fund , enterprise , organisation, or other entity owned or controlled directly or indirectly by a Contracting State or any political subdivision or local government thereof.
  - (l) the term “competent authority” means:
    - (i) in Zambia: The Commissioner-General of the Zambia Revenue Authority or the Commissioner-General’s authorised representative; and
    - (ii) in the UAE: the Minister of Finance or an authorised representative of the Minister of Finance.
2. As regards the application 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 Contracting 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 5

### Resident

1. For the purposes of this Agreement , the term “resident of a Contracting State” means—
  - (a) in Zambia, any person who under the laws of Zambia, is liable to tax therein by reason of that person’s domicile, residence, place of incorporation, place of management or any other criterion of similar nature, but does not include any person who is liable to tax in Zambia in respect only of income from sources therein; and
  - (b) in the UAE:

- (i) a UAE national and an individual who is a resident under the laws of the UAE or of any political subdivision or local government and a national; and
  - (ii) any person other than an individual that is incorporated or otherwise recognised under the laws of the UAE or any political subdivision or local government thereof.
2. For the purposes of paragraph 1, a resident of a Contracting State include—
- (a) the Government of that Contracting State and any political subdivision or local Government or local authority thereof;
  - (b) any person, other than an individual owned or controlled directly or indirectly by that State or any political subdivision or local government or local authority thereof;
    - (c) a qualified government entity;
    - (d) a pension fund;
    - (e) charities or religious, educational and cultural organisations
3. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then that individual's status shall be determined as follows:
- (a) the individual shall be deemed to be a resident only of the Contracting State in which the individual has a permanent home available to him, and if the individual has a permanent home available to that individual in both Contracting States, that individual shall be deemed to be a resident only of the Contracting State with which that individual's personal and economic relations are closer (centre of vital interests);
  - (b) if the Contracting State in which the individual has that individual's vital interests cannot be determined, or if that individual has not a permanent home available to that individual in either Contracting State, that individual shall be deemed to be a resident only of the Contracting State in which that individual has a habitual abode;
  - (c) if the individual has a habitual abode in both Contracting States or in neither of them, that individual shall be deemed to be a resident only of the Contracting State of which that individual is a national; and
  - (d) if the individual's status cannot be determined under the provisions of subparagraph (c), the competent authorities of the Contracting States shall settle the question by mutual agreement.
4. Where by reason of the provisions of paragraph 1 a person, other than an individual, is a resident of both Contracting States, the competent authorities shall by mutual agreement determine the tax status of that person.

#### Article 6 Permanent Establishment

1. For the purposes of this Agreement, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.
2. The term " permanent establishment" includes especially—
- (a) a place of management;
  - (b) a branch;
  - (c) an office;
  - (d) a factory;
  - (e) a workshop; and
  - (f) a mine, an oil or gas well, a quarry or any other place of exploration extraction exploitation of natural resources
3. The term permanent establishment shall be deemed to include—
- (a) a building site, a construction, assembly or installation project or supervisory activities in connection therewith or drilling rig or ship used for the exploring or exploiting of natural resources constitute a permanent establishment only if such site, project or activities continue for a period of more than six months;
  - (b) the furnishing of services, including consultancy or managerial services, by an enterprise of a Contracting State through employees or other personnel engaged by the enterprise for

such purpose, in the other Contracting State constitutes a permanent establishment only if activities of that nature continue for a period or periods aggregating more than nine months;

(c) for an individual, the performing of services in a Contracting State by that individual, but only if that individual's stay in that State, for the purpose of performing those services is for a period aggregating more than six months within any twelve month period commencing or ending in the fiscal year concerned.

4. An enterprise of a Contracting State shall be deemed to have a permanent establishment in the other Contracting State if substantial, mechanical or scientific equipment or machinery is used for more than eighteen months or installed, in that other Contracting State by, for or under contract with the enterprise.

5. Despite the preceding provisions of this Article, the term "permanent establishment" shall be deemed not to include the—

(a) use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;

(b) maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;

(c) maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;

(d) maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;

(e) maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise any other activity of a preparatory or auxiliary character; and

(f) maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs (a) to (e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

6. Despite the provisions of paragraphs 1 and 2, where a person, other than an agent of an independent status to whom paragraph 9 applies, is acting in a Contracting State on behalf of an enterprise of the other Contracting State, that enterprise shall be deemed to have a permanent establishment in the first mentioned Contracting State in respect of any activities which that person undertakes for the enterprise, if that person—

(a) has, and habitually exercises in the first mentioned Contracting State, an authority to conclude contracts in the name of such enterprise, unless the activities of such person are limited to those mentioned in paragraph 5 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph;

(b) has no such authority, but habitually maintains in the first mentioned Contracting State a stock of goods or merchandise belonging to such enterprise from which that person regularly delivers goods or merchandise on behalf of such enterprise;

(c) habitually secures orders in the first mentioned Contracting State, exclusively or almost exclusively for the enterprise itself or for such enterprise and other enterprises, which are controlled by it or have a controlling interest in it; and

(d) in so acting, the person manufactures or processes in that Contracting State for the enterprise goods or merchandise belonging to the enterprise.

7. Despite the preceding provisions of this Article, an insurance enterprise of a Contracting State shall, except in regard to re-insurance, be deemed to have a permanent establishment in the other Contracting State if it collects premiums in the territory of that other State or insures risks situated therein through a person, other than an agent of an independent status to whom paragraph 9 applies.

8. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other Contracting State through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business. However, when the activities of such an agent are devoted wholly or almost wholly on behalf of that enterprise and other enterprises, which are controlled by it or have a controlling interest in it, that person will not be considered an agent of an independent status within the meaning of this paragraph.

9. Despite the provision of paragraph 8 of this Article, insurance companies that are owned or controlled by a Contracting State or its Local Governments or local authorities shall be treated differently for tax purposes and shall be subject to tax only in the state of residence.

10. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other Contracting State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

#### Article 7

##### Income from Immovable Property

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other Contracting State.

2. The term “immovable property” shall have the meaning, which it has under the national laws of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general laws respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right of 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 term of immovable property.

4. The provisions of paragraphs 1 and 3 of this Article shall also apply to income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

5. The provisions of paragraphs 3 shall not apply if the beneficial owner of the income is the State itself or local authorities, political subdivision, local Governments or their financial institution.

#### Article 8

##### Business Profits

1. The profits of an enterprise of a Contracting State shall be taxable only in that Contracting State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated in that other Contracting State. If the enterprise carries on or has carried on business in that manner, the profits of the enterprise may be taxed in the other Contracting State but only so much of them as is attributable to that permanent establishment.

2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In determining the profits of a permanent establishment, there shall be allowed as deductions those deductible expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the Contracting State in which the permanent establishment is situated or elsewhere, taking into consideration, any applicable law or regulations in the concerned Contracting State. However, no such deduction shall be allowed in respect of amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission, for specific services performed or for management, or, except in the case of a banking enterprise, by way of interest on moneys lent to the head office of the enterprise or any of its other offices.

4. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

5. Insofar as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary, the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this Article.

6. If the information available to the competent authority of a Contracting State is inadequate to determine the profits to be attributed to the permanent establishment of a person, nothing in this Article shall affect the application of any laws or regulations of that Contracting State relating to the determination of the tax liability of that permanent establishment by making of an estimate by the competent authority of that Contracting State of the profits to be subject to tax of that permanent establishment, provided that such laws or regulations shall be applied consistently with the principles of this Article, taking into account the information available to the competent authority.

7. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

8. Where profits include items of income or gains which are dealt with separately in other Articles of this Agreement, then the provisions of those Articles shall not be affected by the provisions of this Article.

9. The provisions of paragraphs 1, 2 and 3 shall not apply if the beneficiary owner of the profit is the State itself, or any of its political subdivision, local governments, local authority or their financial institutions, such income shall be taxable only at the State of residence.

#### Article 9 Shipping and

Air Transport Despite the provisions of Article 8 of this Agreement:

1. Profits of an enterprise of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that Contracting State.

2. For the purposes of this Article profits from the operation of ships or aircraft in international traffic include—

(a) profits from the rental on a bareboat basis of ships or aircraft; and

(b) profits from the use, maintenance or rental of containers, including trailers and related equipment for the transport of containers, used for the transport of goods or merchandise.

3. (a) The provisions of paragraph 1 shall also apply to profits derived from—

(i) the participation in a pool, a joint business or an international operating agency;

(ii) selling of tickets on behalf of another enterprise;

(iii) income from selling of technical engineering to a third party; and

(iv) income deriving from deposits at the Bank, bonds, shares, stocks and other debentures.

(b) the income under subparagraph (a) shall be incidental to the operation of airlines.

4. Pending the entry into force of this Agreement, both Contracting States would take no action to recover taxes with respect to profits, income and gains referred to in this Article.

#### Article 10

##### Associated Enterprises

1. Where—

(a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or

(b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State, and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

2. Where a Contracting State includes in the profits of an enterprise of that Contracting State and taxes accordingly profits on which an enterprise of the other Contracting State has been charged to tax in that other Contracting State and the profits so included are profits which would have accrued to the enterprise of the first mentioned Contracting State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other Contracting State shall make an appropriate adjustment to the amount of the profits subjected to tax. In determining such adjustment, due regard shall be had to the other provisions of this

Agreement and the competent authorities of the Contracting States shall, if necessary, consult each other.

3. The provisions of paragraph 2 shall not apply where judicial, administrative or other legal proceedings have resulted in a final ruling that by actions giving rise to an adjustment of profits under paragraph 1, one of the enterprises concerned is liable to penalty with respect to fraud, gross negligence or wilful default

#### Article 11 Dividends

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other state.

2. However, Dividends paid by a company which is a resident of a Contracting State may also be taxed in that state according to the laws of that state, but if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed five per cent of the gross amount of the dividends.

3. Despite the provisions of paragraphs 1 and 2 of this Article, dividends paid by resident of a Contracting State to the resident of the other Contracting State shall be taxable only in that other state if the beneficial owner of the dividends is the Contracting State itself, or any of its political subdivision, local governments, local authorities, and their financial institutions.

4. The term “dividends” as used in this Article means income from shares, “jouissance” shares or “jouissance” rights, mining shares, founders’ shares or other rights, not being debt claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the taxation laws of the Contracting State of which the company making the distribution is a resident.

5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated in that other Contracting State, or performs in that other Contracting State independent personal services from a fixed base situated in that other Contracting State, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 8 or Article 16, as the case may be, shall apply.

6. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other Contracting State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other Contracting State who is the beneficial owner of the dividends or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other Contracting State, nor subject the company’s undistributed profits to a tax on the company’s undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other Contracting State.

#### Article 12 Interest

1. Interest paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other state

However, interest paid by a company which is a resident of a Contracting State may also be taxed in that state according to the laws of that state, but if the beneficial owner of the interest is a resident of the other Contracting State, the tax so charged shall not exceed five per cent of the gross amount of the interest.

2. Despite the provisions of paragraphs 1 and 2 of this Article, interest paid by resident of a Contracting State to the resident of the other Contracting State shall be taxable only in that other state if the beneficial owner of the interest is the Contracting State, or any of its political subdivision, local governments, local authorities, and their financial institutions.

3. The term “interest” as used in this Article means income from debt claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor’s profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures, as well as income which is subjected to the same taxation treatment as income from money lent by the taxation laws of the Contracting State in which the income arises.



4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated in that other Contracting State, or performs in that other Contracting State independent personal services from a fixed base situated in that other Contracting State, and the debt claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 8 or Article 16, as the case may be, shall apply.

5. Interest shall be deemed to arise in a Contracting State when the payer is a resident of that Contracting State. Where, however, the person paying the interest, whether that person is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.

6. Where, by reason of a special relationship between the payer and the beneficial owner of the interest, or between both of them and some other person, the amount of the interest, having regard to the debt claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

#### Article 13 Royalties

1. Royalties paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other state.

2. However, royalties paid by a company which is a resident of a Contracting State may also be taxed in that state according to the laws of that state, but if the beneficial owner of the royalties is a resident of the other Contracting State, the tax so charged shall not exceed five per cent of the gross amount of the royalties.

3. Despite the provisions of paragraphs 1 and 2 of this Article, royalties paid by a resident of a Contracting State to the resident of the other Contracting State shall be taxable only in that other Contracting State if the beneficial owner of the royalties is the Contracting State itself, or any of its political sub-division, local governments, local authorities, and their financial institutions.

4. The term “royalties” as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films and works on films, tapes or other means of reproduction for use in connection with television or radio broadcasting, any patent, trade mark, design or model, plan, secret formula or process, or for information (know how) concerning industrial, commercial or scientific experience.

5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated in that other Contracting State, or performs in that other Contracting State independent personal services from a fixed base situated in that Contracting State and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 8 or Article 16, as the case may be, shall apply.

6. Royalties shall be deemed to arise in a Contracting State when the payer is a resident of that Contracting State. Where, however, the person paying the royalties, whether that person is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base is situated.

7. Where, by reason of a special relationship between the payer and the beneficial owner of the royalties or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Agreement.

#### Fees for Technical Services

1. Fees for Technical Services arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other state.
2. However, subject to the provisions of Articles 8,16 ( directors fees) and 17 (entertainers and sportsmen), fees for technical services arising in a Contracting State may also be taxed in the Contracting State in which they arise and subject to the laws of that state, the tax so charged shall not exceed five per cent of the gross amount of the fees.
3. Despite the provisions of paragraphs 1 and 2 of this Article, fees paid by a resident of a Contracting State to the resident of the other Contracting State shall be taxable only in that other state if the beneficial owner of the fees is the Contracting State itself, or any of its political sub division, local governments, local authorities, and their financial institutions.

#### Article 15 Capital Gains

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 7 and situated in the other Contracting State may be taxed in that other Contracting State, but the tax so charged shall be reduced by an amount equal to fifty per cent of such tax.
2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base, shall be taxable only in that Contracting State.
3. Gains derived by an enterprise of a Contracting State from the alienation of ships or aircraft operated in international traffic or movable property pertaining to the operation of such ships or aircraft shall be taxable only in that Contracting State.
4. Gains from the alienation of any property other than that referred to in paragraphs 1, 2 and 3 shall be taxable only in the Contracting State of which the alienator is a resident.

#### Article 16 Independent personal services

1. Income derived by an individual who is a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that Contracting State except in any of the following circumstances, when such income may also be taxed in the other Contracting State if:
  - (a) the individual has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities; in that case only so much of the income as is attributable to that fixed base may be taxed in that other Contracting State;
  - (b) the individual's stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate one hundred and eighty three days in a twelve month period commencing or ending in the fiscal year concerned. In that case only so much of the income as is derived in that other Contracting State during the aforesaid period or periods may be taxed in that other Contracting State.
2. The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

#### Article 17 Income from Employment

1. Subject to the provisions of Articles 18, 20, and 21, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that Contracting State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived there from may be taxed in that other Contracting State.

2. Despite the provisions of paragraph 1, remuneration derived by a resident of a Contracting State shall be taxable only in the first mentioned Contracting State if all the following conditions are met:

- (a) the recipient is present in the other Contracting State for a period or periods not exceeding in the aggregate one hundred and eighty three days in a twelve month period commencing or ending in the fiscal year concerned;
- (b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other Contracting State; and
- (c) the remuneration is not borne by a permanent establishment or a fixed base, which the employer has in the other Contracting State.

3. Despite the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Contracting State shall be taxable only in that Contracting State.

4. An individual who is both a national of a Contracting State and an employee of an enterprise of that Contracting State the principal business of which consists of the operation of aircraft in international traffic and who derives remuneration in respect of duties performed in the other Contracting State shall be taxable only in that Contracting State on remuneration derived from the individual employment with that enterprise.

5. Despite the provisions of this Article, salaries, wages and other similar remuneration and pensions paid by a government owned institution performing functions of a governmental nature which in the case of the UAE shall include the Central Bank of the U.A.E, Abu Dhabi Investment Authority, Abu Dhabi Investment Council, U.A.E. Investment Authority, Investment Corporation of Dubai, Abu Development Fund and any other governmental financial institutions such income shall be taxable only at the UAE.

#### Article 18 Directors' Fees

1. Directors' fees and similar payments derived by a resident of a Contracting State in that person's capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other State.

2. Salaries, wages and other similar remuneration derived by a resident of a Contracting State in the individual's capacity as an official in a top level managerial position of a company which is a resident of the other Contracting State may be taxed in that other State.

#### Article 19 Artists and Sportsmen

1. Despite the provisions of Article 17 income derived by a resident of a Contracting State as an entertainer, such as a theatre, motion picture, radio or television artiste, a musician or as a sportsman, from that entertainer's personal activities as such exercised in the other Contracting State, may be taxed in that other Contracting State.

2. Where income in respect of personal activities exercised by an entertainer or a sportsman in that entertainer's or sportsman's capacity as such accrues not to the entertainer or sportsman but to another person, that income may, despite the provisions of Articles 7 and 14, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.

3. The provisions of paragraphs 1 and 2 shall not apply to income derived by entertainers or sportsmen who are residents of a Contracting State from personal activities as such exercised in the other Contracting State if their visit to that other Contracting State is substantially supported from the public funds of the first mentioned Contracting State, including those of any political subdivision, a local authority or statutory body thereof, nor to income derived by a non profit making organisation in respect of such activities provided no part of its income is payable to, or is otherwise available for the personal benefit of its proprietors, founders or members.

#### Article 20 Pensions and Annuities

1. Subject to the provisions of paragraph 2 of Article 21, pensions and other similar remuneration and annuities paid to an individual who is a resident of a Contracting State in consideration of past employment shall be taxable only in that Contracting State.

2. As used in this Article—

(a) the terms “pensions and other similar remuneration” mean periodic payments made after retirement in consideration of past employment or by way of compensations for injuries received in connection with past employment;

(b) the term “annuity” means a stated sum payable to an individual periodically at stated times during life, or during a specified or ascertainable period of time, under an obligation to make the payments in return for adequate and full consideration in money or money’s worth.

#### Article 21 Government Service

1. (a) Salaries, wages and other similar remuneration, other than a pension, paid by a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that Contracting State or subdivision or authority shall be taxable only in that Contracting State.

(b) However, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting State if the services are rendered in that Contracting State and the individual is a resident of that Contracting State and has fulfilled one of the following conditions:

(i) is a national of that Contracting State; or

(ii) did not become a resident of that Contracting State solely for rendering the services.

2. (a) Any pension paid by , or out of funds created by , a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that Contracting State or subdivision or authority shall be taxable only in that Contracting State.

(b) However, such pension shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that Contracting State.

3. The provisions of Articles 17 and 18 shall apply to salaries, wages and other similar remuneration and to pensions in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or a local authority thereof.

#### Article 22 Teachers and Researchers

An individual who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who at the invitation of the Government of the first mentioned Contracting State or of a university college, school, museum or other cultural institution in that first mentioned Contracting State or under an official programme of cultural exchange is present in that Contracting State for a period not exceeding two consecutive years solely for the purpose of teaching giving lectures or carrying out research at such institution shall be exempt from tax in that Contracting State on that individual’s remuneration for such activity.

#### Article 23 Students and Trainees

1. Payments which a student or business trainee who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first mentioned Contracting State solely for the purpose of that student or business trainee’s education or training receives for the purpose of that student or business trainee’s maintenance, education or training shall not be taxed in that Contracting State, provided that such payments arise from sources outside that Contracting State.

2. In respect of grants, scholarships and remuneration from employment not covered by paragraph 1, a student or business trainee described in paragraph 1 shall , in addition, be entitled during such education or training to the same exemptions, reliefs or reductions in respect of taxes available to residents of the Contracting State which the student or business trainee is visiting.

#### Article 24 Entitlement to Benefits

1. Despite the other provisions of this agreement, a benefit under this Agreement shall not be granted in respect of an item of income or capital if it is reasonable to conclude, having regard to all relevant facts and circumstances, that obtaining that benefit was one of the principal purposes of any arrangement or transaction that resulted directly or indirectly in that benefit, unless it is established

that granting that benefit in these circumstances would be in accordance with the object and purpose of the relevant provisions of this Agreement.

#### Article 25 Other Income

1. Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Agreement shall be taxable only in that State.
2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 7, if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein and the right or property in respect of which the income is paid is effectively connected with such permanent establishment. In such case the provisions of Article 8 shall apply.
3. Despite the provisions of paragraphs 1 and 2, items of income of a resident of a Contracting State not dealt with the foregoing Articles of this Agreement and arising in the other Contracting State may also be taxed in that other State.

#### Article 26 Elimination of Double Taxation

1. Double Taxation shall be eliminated in the Contracting States as follows:
  - (a) where a resident of a Contracting State derives income which, in accordance with the provisions of this Agreement, may be taxed in the other Contracting State, the first mentioned State shall allow—
    - (i) as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in that other State; or
    - (ii) as a deduction from the tax on the capital of that resident, an amount equal to the capital tax paid in that other State.
  - (b) Such deduction in either case shall not, however, exceed that part of the income tax or capital tax, as computed before the deduction is given, which is attributable, as the case may be, to the income or the capital, which may be, taxed in that other State.
2. Where in accordance with any provision of the agreement income derived or capital owned by a resident of a Contracting State is exempt from tax in that State, such State may nevertheless, in calculating the amount of tax on the remaining income or capital of that resident, take into account the exempted income or capital.

#### Article 27 Mutual Agreement Procedure

1. Where a person considers that the actions of one or both of the Contracting States result or will result for that person in taxation not in accordance with the provisions of the agreement, that person may, irrespective of the remedies provided by the domestic law of those states, present that person's case to the competent authority of either Contracting State. 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 the Agreement.
2. The competent authority shall endeavor, 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 this Agreement. Any agreement reached shall be implemented despite any time limits in the domestic law of the Contracting State.
3. The competent authorities of the Contracting State shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of this Agreement. They may also consult together for the elimination of double taxation in cases not provided for in this Agreement.
4. The competent authorities of the Contracting State may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

Article 28  
Exchange of Information

1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Agreement or to the administration or enforcement of the domestic laws of the Contracting State concerning taxes covered by this Agreement imposed on behalf of a Contracting States, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to this Agreement.
2. Any information received under paragraph 1 by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that Contracting State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by this 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 paragraphs 1 and 2 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; and
  - (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 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 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 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.

Article 29  
Non Discrimination

1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances, in particular with respect to residence, are or may be subjected. This provision shall, despite the provisions of Article 1, also apply to persons who are not residents of one or both of the Contracting States.
2. The taxation on a permanent establishment, which an enterprise of a Contracting State has in the other Contracting State, shall not be less favorably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.
3. Except where the provisions of paragraph 1 of Article 10, paragraph 5 of Article 12 or paragraph 5 of Article 13 apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first mentioned State. Similarly, any debts of an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable capital of such enterprise, be deductible under the same conditions as if they had been contracted to a resident of the first mentioned State.
4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be

subjected in the first mentioned State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first mentioned State are or may be subjected.

5. Nothing in this agreement shall prevent a Contracting State from granting exemption from tax or reduction to its own national companies in accordance to its domestic laws and regulations.

6. In this Article the term “taxation” means taxes which are the subject of this agreement.

#### Article 30 Miscellaneous Rules

1. The provisions of this Agreement shall not be construed to restrict in any manner, any exclusion, exemption, deduction, credit, or other allowance now or hereafter accorded—

(a) by the laws of a Contracting State in the determination of the tax imposed by that Contracting State; and

(b) by any other special arrangement on taxation between the Contracting States or between one of the Contracting States and residents of the other Contracting State.

#### Article 31 Income of Government and Institutions

The Federal or the Local Governments and their financial institutions of one of the Contracting States shall be exempt from tax in the other Contracting State in respect of any income or capital gains derived by such federal or Local Government from that other Contracting State except income from hydrocarbon as stated in Article 3.

#### Article 32 Members of Diplomatic Missions and Consular Posts

Nothing in this Agreement shall affect the fiscal privileges of members of diplomatic missions or consular posts or employees of international organisations under the general rules of international law or under the provisions of special Agreements.

#### Article 33 Entry into Force

Each of the Contracting States shall notify to the other in writing the completion of its constitutional procedures for the entry into force of this Agreement. This Agreement shall enter into force on the date of receipt of the latter of these notifications and its provisions shall thereupon have effect in both Contracting States—

(a) in respect of taxes withheld at source, for amounts paid or credited on or after the first day of January of the year in which this Agreement is entered into force; and

(b) in respect of other taxes, for taxable periods beginning on or after the first day of January of the year in which this Agreement enters into force.

#### Article 34 Duration and Termination

The Agreement shall remain in force for a period of five years and shall continue in force thereafter for a similar period or periods unless either Contracting State notifies the other in writing, at least six months before the expiry of the initial or any subsequent period, of its intention to terminate this Agreement. In such event, this Agreement shall cease to have effect in both Contracting States—

(a) in respect of taxes withheld at source, for amounts paid or credited on or after the first day of January of the year next following that in which the notice of termination is given; and

(b) in respect of other taxes, for taxable periods beginning on or after the first day of January of the year next following that in which the notice of termination is given.

IN WITNESS WHEREOF, the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

Done at \_\_\_\_\_ on \_\_/\_\_/\_\_\_\_ in the English and Arabic languages, both texts being equally authentic. In a case of divergence of interpretation, the English text shall prevail

For the Government of Zambia

For the Government of  
The United Arab Emirates

Minister of Foreign Affairs and  
International Cooperation  
For the Government of the  
Republic of Zambia

Minister of State  
For International Cooperation

#### PROTOCOL

The Government of the Republic of Zambia

and

The United Arab Emirates

Have agreed at the signing at ..... on the ..... of the agreement for the two States for the avoidance of double taxation with respect to taxes on income without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangement aimed at obtaining reliefs provided in this agreement for the indirect benefit of residents of third States) have agreed that the following provisions shall form an integral part of the Agreement.

With respect to paragraph 3 of Article 10 and, paragraph 3 of article 11, paragraph 3 of Article 13, paragraph 3 of Article 14, paragraph 5 of Article 7, paragraph 9 of Article 8, and Article 31, it is understood that the Contracting State, political subdivision, local authorities, and the government of the Contracted State shall include-

In Zambia:

- (a) The Bank of Zambia;
- (b) The Development Bank of Zambia;
- (c) The Industrial Development Corporation;
- (d) The National Pension Scheme Authority; and
- (e) Any other similar institution established by the Government under the Laws of Zambia.

And in the UAE:

- 6. Central Bank of the United Arab Emirates;
- 7. Abu Dhabi Investment Authority;
- 8. Emirates Investment Authority;
- 9. Mubadala Investment Company;
- 10. Dubai World;
- 11. Investment Corporation of Dubai;
- 12. the Abu Dhabi Retirement Pensions and Benefit Fund;



13. the General Pension and Social Security Authority; and

14. Any other entity the capital of which is wholly directly or indirectly owned by the federal or local governments of the United Arab Emirates, including a political subdivision and local authority thereof which shall be notified to the other States through diplomatic channels.

IN WITNESS WHEREOF, the undersigned, duly authorised thereto by their respective Governments, have signed this protocol.

Done at \_\_\_\_\_ on \_\_/\_\_/\_\_\_\_ in the English and Arabic languages, both texts being equally authentic. In a case of divergence of interpretation, the English text shall prevail.

For the Government of Zambia

For the Government of  
The United Arab Emirates

Minister of Foreign Affairs and  
international corporation

Minister of State for International  
Cooperation

For the Government of  
Republic of Zambia

HAKAINDE HICHILEMA,  
President

LUSAKA  
10th January, 2023  
[MFB.01/11/45]