SYNTHESISED TEXT OF THE MLI AND THE AGREEMENT BETWEEN THE ARAB REPUBLIC OF EGYPT AND THE KINGDOM OF BAHRAIN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

General disclaimer on the Synthesised text document

This comprehensive document (the "Document") of the companied text of the Multilateral Convention promulgated by Presidential Decree No. 446 of 2020 and the Agreement on Avoidance of Double Taxation and Prevention of Tax Evasion with regard to Income Tax between the Governments of the Arab Republic of Egypt and the kingdom of Bahrain and published in the Official Gazette 43 on 25/10/2018 ("Agreement"), is only a guiding text translated from the Arabic language text of the Convention, bearing in mind that that Arabic version of the Convention is the most likely and the first to be applied on the part of the authentic in case of difference between the versions of different languages themselves- without any responsibility on the authority that issued those texts.

This document presents the synthesised text for the application of the Agreement between The Arab Republic of Egypt and The Kingdom of Bahrain with respect to Taxes on Income signed on 18 January 2015 (the "Agreement"), as modified by the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting signed by Egypt on 7 June 2017 and by Spain on 27 November 2020 (the "MLI").

This document was prepared in consultation with the competent authority of The Kingdom of Bahrain and represents a shared understanding of the modifications made to the Convention by the MLI.

The document was prepared on the basis of the MLI position of Egypt submitted to the Depositary upon ratification on 30 September 2020 and of the MLI position of Bahrain submitted to the Depositary upon ratification on 23 November 2022. These MLI positions are subject to modifications as provided in the MLI. Modifications made to MLI positions could modify the effects of the MLI on the Convention.

The authentic legal texts of the Convention and the MLI take precedence and remain the legal texts applicable.

The provisions of the MLI that are applicable with respect to the provisions of the Agreement are included in boxes throughout the text of this document in the context of the relevant provisions of the Agreement. The boxes containing the provisions of the MLI have generally been inserted in accordance with the ordering of the provisions of the 2017 OECD Model Tax Convention.

Changes to the text of the provisions of the MLI have been made to conform the terminology used in the MLI to the terminology used in the Agreement (such as "Covered Tax Agreement" and "Convention"/ "Agreement", "Contracting Jurisdictions" and "Contracting States"), to ease the comprehension of the provisions of the MLI. The changes in terminology are intended to increase the readability of the document and are not intended to change the substance of the provisions of the MLI. Similarly, changes have been made to parts of provisions of the MLI that describe existing provisions of the Agreement: descriptive language has been replaced by legal references of the existing provisions to ease the readability.

In all cases, references made to the provisions of the Agreement or to the Agreement must be understood as referring to the Agreement as modified by the provisions of the MLI, provided such provisions of the MLI have taken effect.

References:

The authentic legal texts of the MLI and the Agreement can be found [www.eta.gov.eg]

Disclaimer on the entry into effect of the provisions of the MLI

The provisions of the MLI applicable to this Convention do not take effect on the same dates as the original provisions of the Convention. Each of provisions of the MLI could take effect on different dates, depending on the types of taxes involved (taxes withheld at source or other taxes levied) and on the choices made by the Arab Republic of Egypt and the Kingdom of Bahrain in their MLI positions.

Dates of the deposit of instruments of ratification, acceptance or approval: 30 September 2020 for Egypt and 23 November 2022 for Bahrain.

Entry into force of the MLI: 1 January 2021 for Egypt and 1 June 2022 for Bahrain. This document provides specific information on the dates on or after which each of the provisions of the MLI has effect with respect to the Convention throughout this document and has effect as follows:

(a) The provisions of the MLI shall have effect in each Contracting State with respect to the Convention:
(i) with respect to taxes withheld at source on amounts paid or credited to non-residents, where the event giving rise to such taxes occurs on or after 1 June 2023; and
(ii) With respect to all other taxes levied by that Contracting State, for taxes levied with respect to taxable periods beginning on or after 1 December 2022.

b) Notwithstanding (a), Article 16 (Mutual Agreement Procedure) of the MLI shall have effect with respect to the Convention for a case presented to the competent authority of a Contracting State on or after 1 June 2022, except for cases that were not eligible to be presented as of that date under the Convention prior to its modification by the MLI, without regard to the taxable period to which the case relates..

AGREEMENT BETWEEN
THE GOVERNMENT OF THE ARAB REPUBLIC OF EGYPT
AND THE GOVERNMENT OF THE KINGDOM OF BAHRAIN FOR THE AVOIDANCE OF DOUBLE TAXATION AND
THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

Preamble

[MODIFIED by paragraph 3.6.2. of Article 6(3) of the MLI]

~~The Government of the Arab Republic of Egypt and the Government of the kingdom of Bahrain,~~

~~Desiring to conclude an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,~~

The following paragraph 1 and paragraph 3 of Article 6 of the MLI {replace the text referring to an intent to eliminate double taxation in the preamble of this Agreement :}

ARTICLE 6 OF THE MLI – PURPOSE OF A COVERED TAX AGREEMENT

Desiring to further develop their economic relationship and to enhance their co-operation in tax matters,

Intending to eliminate double taxation with respect to the taxes covered by [*this Agreement*] without creating opportunities for non-taxation or reduced taxation through tax evasion or avoidance (including through treaty-shopping arrangements aimed at obtaining reliefs provided in [*the Agreement*] for the indirect benefit of residents of third jurisdictions),

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 administrative 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 properties.

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

a) In the case of **Egypt**:

1) The individual income tax including:

- Income from wages and salaries.

- Income from commercial and industrial activities.

- Income from professional or non commercial activities (independent personal services).

- Income from real estate properties

2) The corporate income tax.

3) The withholding tax.

4) Additional taxes levied as a percentage of the above mentioned taxes or levied in another manner.
(Hereinafter referred to as "Egyptian tax").

b) In the case of **the Kingdom of Bahrain**:

- The income tax payable under Amiri Decree No. 22 for 1979.

(Hereinafter referred to as "Bahrain tax")

4. This Agreement shall apply also to any identical or substantially similar taxes that are imposed by either of the 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 substantial changes which 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 "**Egypt**" means the territory of the Arab Republic of Egypt, and when used in a geographical sense it means its territorial sea as well as any adjacent area beyond the territorial sea over which Egypt exercises in accordance with the Egyptian legislation and international laws, which has been or may hereafter be designated as an area over which Egypt may exercise rights regarding the sea-bed, the subsoil or natural resources.

b) the term "**Bahrain**" means the territory of the Kingdom of Bahrain as well as the maritime areas including the seabed and subsoil over which Bahrain exercises, in accordance with international law, sovereign rights and jurisdiction.

c) the term ‘’Contracting State" and "the other Contracting State" means the Arab Republic of Egypt or the Kingdom of Bahrain as the context requires;

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

e) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes under the law of any or either Contracting State;

f) 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;

g) the term "tax" means the Egyptian or Bahraini tax as the context requires;

h) the term "international traffic" means any maritime or air operated by an enterprise which has its place of effective management in one of the Contracting States, except when the maritime or air transport is operated solely between places in the other Contracting State;

i) the term "competent authority" means:

1) in the case of the Arab Republic of Egypt, the Ministry of Finance or his legal representative;

2) in the case of the Kingdom of Bahrain, the Ministry of Finance or his authorized representative;

j) the term "national" means:

1) any individual possessing the nationality of either Contracting State;

2) any legal person, company or association deriving such status from the laws in force in a Contracting State.

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 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:

   a) in the case of the Arab Republic of Egypt, any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature, and includes also the Arab Republic of Egypt and any political subdivision or local authority thereof. This term, however, does not include any person who is liable to tax in that State only in respect of income from sources in that State.

   b) in the case of Bahrain, any individual who is present in Bahrain for a period or periods, whether continued or interrupted, aggregating in total at least 183 days in a twelve-month period; a company or other legal person which is incorporated or has its place of management in Bahrain or any other criterion of a similar nature. It includes also the Kingdom of Bahrain and any political subdivision or local authority thereof. This term, however, does not include any person who is liable to tax in that State only in respect of income from sources in that State.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then his status shall be determined as follows:

   a) he shall be deemed to be a resident only of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident of the State with which his personal and economic relations are closer (centre of vital interests);

   b) if the State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident of the State in which he has an habitual abode;

   c) if he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident of the State of which he is a national;

   d) if he is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident of the State, in which its place of effective management is situated.

ARTICLE 5

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;
   f) a mine, a quarry or any other place of extraction of natural resources;
   g) a refinery;
   h) a plantation or a farm;
   i) places used as a sale points; and
   j) a warehouse used for storage purposes for other persons.

3. The term "permanent establishment" also includes:

   a) a building site, a construction, installation or assembly project or supervisory activities in connection therewith, but only where such site, project or activities lasts more than six months.

   b) each person carrying the activity of exploration or extraction of oil or hydrocarbon naturals resources from the soil or the refining of crude oil, or any other activities connected therewith including the use of substantial equipments (the activities include the assembly of these equipments) exercised in one of the Contracting States. These activities are considered to be carried on through a permanent establishment, whether exercised for that person or for other persons notwithstanding who owns the crude oil that is being refined, or where it is extracted.

   c) the furnishing of services, including consultancy services, by an enterprise of a Contracting State through employees or other personnel engaged for such purposes, but only if the activities of that nature continue (for the same or a connected project) within a Contracting State for a period or periods aggregating more than 183 days within any twelve-month period.

4. Notwithstanding the preceding provisions of this Article, the term "permanent establishment" shall be deemed not to include:

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

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

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

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

e) the 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;

f) the maintenance of a fixed place of business solely for any combination of activities mentioned in sub-paragraphs 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.

5. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, where a person - other than an agent of an independent status to whom paragraph 7 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 that State in respect of any activities which that person undertakes for the enterprise, when that person has and habitually exercises, in a Contracting State an authority to conclude contracts in the name of the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 of this Article 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.

6. Notwithstanding 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 7 applies.

7. An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that 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.

8. 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 State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

ARTICLE 6

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 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 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 law respecting landed property apply, 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 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.

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

ARTICLE 7

BUSINESS PROFITS

1. The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other 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 all expenses which are incurred for the purposes of the business of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere. However, no such deduction shall be allowed if:

    (a) the amounts, if any, paid (otherwise than towards the 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 by way of interest -except in the case of a banking enterprise- on money lent to the permanent establishment.

(b) the amounts charged (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 by way of interest - except in the case of a banking enterprise - on moneys lent to the head office of the enterprise or any of its other offices.

4. In so far 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 are in accordance with the principles contained in this Article.

5. 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.

6. 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.

7. Where profits include items of income 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.

8. The term ‘’business profits’’ shall include, without being limited to, income derived from industrial, commercial, banking, insurance and mining activities, or from a profession or the rendering of services to other persons. The term shall not include income from personal services rendered by an individual as an employee or in an independent manner.

ARTICLE 8

SHIPPING AND AIR TRANSPORT

1. Profits from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

2. If the place of effective management of a shipping enterprise is aboard a ship, then it shall be deemed to be situated in the Contracting State in which the home harbor of the ship is situated, or, if there is no such home harbor, in the Contracting State of which the operator of the ship is a resident.

3. The provisions of paragraphs 1 and 2 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

4. When the enterprises of various States to carry on jointly the activities air transport or in the form of a pool, the provisions of paragraphs 1 and 3 of this Article shall apply to the portion of the profits that was realized by one of the Contracting States in proportion to the contribution in joint business or pool.

ARTICLE 9

ASSOCIATED ENTERPRISES

1.

   a. Where 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. Where 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 State - and taxes accordingly - profits on which an enterprise of the other Contracting State has been charged to tax in that other State and where the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those agreed profits. In determining such adjustment, due regard shall be had to the other provisions of this Agreement. The competent authorities of the Contracting States shall consult each other when necessary.

3. Contracting State shall not adjust the profits of an enterprise in the cases mentioned under paragraph 1 after the end of the time limit mentioned in its domestic law, and in any case, no adjustment shall be made after 5 years from the end of the year on which those profits have been subject to such adjustment and was due to the enterprise in that State.

4. The provisions of paragraph 2 and 3 of this Article shall not apply in cases of tax evasion, willful default or neglect.

ARTICLE 10

DIVIDENDS

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

2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends, the tax so charged shall not exceed:

   a) 5% of the gross amount of the dividends if the beneficial owner is a company - other than a partnership - which holds directly at least 25% of the capital of the company paying the dividends;

   b) 10% of the gross amount of the dividends in all other cases.

   This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are distributed.

3. When the government of one of the Contracting States is the beneficial owner of the dividends, such dividends shall be taxable only in that State.

For the purpose of this paragraph, the term ‘’the government of one of the Contracting State’’ shall include:

a) In the case of the ‘’**Arab Republic of Egypt**’’:

- The Egyptian Central Bank;

- The Egyptian Social Security Fund;

- The National Investment Bank;

- Any enterprise or legal person fully or principally owned by the government of the Arab Republic of Egypt in accordance with a pre-established agreement between the competent authorities of the Contracting State.

b) In the case of the ‘’**Kingdom of Bahrain**’’:

- The Bahrain Central Bank;

- The Social Security General Committee;

- Any enterprise or legal person fully or principally owned by the government of the Kingdom of Bahrain in accordance with a pre-established agreement between the competent authorities of the Contracting State.

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 laws of the 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 therein, or performs in that other State independent personal services from a fixed base situated therein, 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 7 or Article 14, 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 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 State 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 State, nor subject the company's undistributed profits to a tax on undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

ARTICLE 11

INTEREST ON DEBT SECURITIES

1. Interest from debt securities arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such interest from debt securities may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the beneficial owner of the interest or income from debt claims is a resident of the other Contracting State, the tax so charged shall not exceed ten per cent (10%) of the gross amount of interest.

3. Notwithstanding the provisions of paragraph 2 of this Article, interest from debt securities arising in one of the Contracting States is exempt from tax in that State if the beneficial owner of such interest is the government of one of the Contracting State as defined under paragraph 3 of Article 10 of this Agreement or political subdivision or local authority thereof.

4. The term "interest from debt securities" as used in this Article means income from debt securities 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 and debentures. Penalty or charges for late payment shall not be regarded as interest or income from debt securities for the purpose of this Article.

5. The provisions of paragraphs 1, 2 and 3 of this Article shall not apply if the beneficial owner of the interest from debt securities, 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 therein, or performs in that other State independent personal services from a fixed base situated therein, 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 7 or Article 14, as the case may be, shall apply.

6. Interest or Income from debt claims shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where, however, the person paying the interest or income from debt claims, whether he 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 or income from debt claims was incurred, and such income is borne by such permanent establishment or fixed base, then such interest or income from debt claims shall be deemed to arise in the 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 or between both of them and some other person, the amount of the interest from debt securities, 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 12

ROYALTIES

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such royalties may also be taxed in the Contracting State in which they arise and 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 ten per cent (10%) of the gross amount of the royalties.

3. The term "royalties" means payments of any kind received as a consideration for the use of, or the right to use any copyright of artistic, literary or scientific work including cinematography films or films or tapes for radio or television broadcasting, any patent, trade mark, design or model,

computer software, process, secret formula, or for the use of, or the right to use, industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience as well as payments for technical assistance rendered in one of the Contracting State if related to the use of these rights, information or property.

4. 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 therein, or performs in that other State independent personal services from a fixed base situated therein, 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 7 or Article 14, as the case may be, shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is a resident of that State. Where, however, the person paying the royalties, whether he 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 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 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 and regulations of each Contracting State, due regard being had to the other provisions of this Agreement.

ARTICLE 13

CAPITAL GAINS

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in that other State.

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 a fixed base, may be taxed in that other State.

3. Gains from the alienation of ships, aircraft or road vehicles operated in international traffic or movable property pertaining to the operation of such ships, aircraft or vehicles shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

4. For Gains from the alienation of the assets of an air transport enterprise in the form of a joint business enterprise or a pool of enterprises from different States operating international transport, the provisions of paragraph 3 of this Article are applicable to the portion of the gains corresponding to his participation to the joint business or pool.

5. Gains from the alienation of any property other than that referred to in the previous paragraphs, shall be taxable according to the domestic law of both Contracting States.

ARTICLE 14

INDEPENDENT PERSONAL SERVICES

1. Income derived by a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that State. However, that income may be taxable in the other Contracting State if:

    a) he 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 State; or

    b) his stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned.

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 15

DEPENDENT PERSONAL SERVICES

1. Subject to the provisions of Articles 16, 18, 19, 20 and 21, salaries, wages and other similar remunerations derived by a resident of a Contracting State in respect of an employment shall be taxable only in that 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 State.

2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:

    a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned; and

b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State; and

c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic, may be taxed in the Contracting State in which the place of effective management of the enterprise is situated.

4. Where the remunerations received by a resident of a Contracting State from activities aboard an aircraft operating in international traffic through a pool or a joint business as referred to under paragraph 4 of Article 8, such remunerations shall be taxable only in the Contracting State where the recipient of the remuneration is a resident.

ARTICLE 16

DIRECTORS' FEES

Directors' fees and other similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors or control or any other similar body of a company which is a resident of the other Contracting State may be taxed in that other State.

ARTICLE 17

ARTISTES AND SPORTSMEN

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as a theatre, cinema, radio or as television artiste, or a musician, or as a sportsman, from his personal activities exercised in the other Contracting State, may be taxed in that other State.

2. Where income in respect of or in connection with personal activities exercised by an entertainer or a sportsman accrues not to the entertainer or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.

3. Income derived by a resident of a Contracting State from activities exercised in the other Contracting State in accordance with the provisions of paragraphs 1 and 2 of this article are not applicable to income derived by a resident of Contacting State from his personal activities as an artiste or sportsman if the visit to that State is principally supported by public funds of the other Contracting State or both States or one of its political subdivisions or local authorities thereof. In such case the tax shall be levied only in the Contracting where the entertainer or sportsman is a resident.

ARTICLE 18

PENSIONS AND ANNUITIES

1. Subject to the provisions of paragraph 2 of Article 19 of this Agreement, pensions and other similar remunerations and annuities paid to a resident of a Contracting State in consideration of past employment shall be taxable only in that Contracting State.

2. The term "annuity" means a stated sum payable 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 19

GOVERNMENT SERVICE

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

   b) However, such salaries, wages and other similar remunerations shall be taxable only in the other Contracting State if the services are rendered in that other State and the individual is a resident of that other State who:

      -- is a national of that State; or

      -- did not become a resident of that State solely for the purpose of rendering the services.

2. a) Any pension paid by, or out of funds to which contributions are made by the Government of a Contracting State or political subdivision or local authority thereof to an individual in respect of services rendered to the Government of that State or one of its subdivision or authority thereof shall be taxable only in that 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 other State.

3. The provisions of Articles 15, 16, 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 the Government of a Contracting State or a political subdivision or local authority thereof.

ARTICLE 20

STUDENTS AND TRAINEES

1. Payments which a student, professional apprentice or 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 State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that State, provided that such payments arise from sources outside that State.

2. Notwithstanding the provisions of Articles 14 and 15 of this agreement, payments received by the student, trainee in respect of services performed in that other Contracting State, 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 his education or training, are not taxable in the first State, provided the services are connected with his education or training or the remunerations for those services are necessary for his maintenance, studies or training. The benefits of this paragraph shall not apply for a period exceeding two years for the date of this arrival to the first mentioned State.

ARTICLE 21

PROFESSORS, TEACHERS AND RESEARCHERS

1. Notwithstanding the provisions of Article 15, professors, teachers and researchers receiving a temporary invitation to visit one of the Contracting States for a period not exceeding 3 years for the purpose of teaching, conduct a research in a university, faculty or another institution of higher education in the other Contracting State who is or was immediately before his visit in the other Contracting State, shall be exempt from tax on the remuneration that he receives in respect of his education or research in that other Contracting State.

2. The provisions of paragraph 1 of this Article shall not apply to income from research undertaken not in the public interest but mainly for the private benefit of a specific person or persons.

ARTICLE 22

OTHER INCOME

1. Notwithstanding the provisions of paragraph 2 of this Article, items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Convention shall be taxable only in that State.

2. The provisions of paragraph 1 of this Article shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6 of this Convention, 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, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14 of this Convention, as the case may be, shall apply.

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, items of income of a resident of a Contracting State not dealt with in the foregoing Articles of this Convention and arising in the other Contracting State may also be taxed in that other State.

ARTICLE 23

METHODS FOR THE ELIMINATION OF DOUBLE TAXATION

Double taxation shall be avoided as follows:

1. 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 as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in other Contracting State. Such deduction shall not, however, exceed that part of the tax on income, before the deduction is given, which is attributable to the income which may be taxed in that other Contracting State.

2. When income derived by a resident of Contracting State is exempt from tax in that State according to the provision of this Agreement, that State may take that income into consideration when computing the tax liability of the remaining income of that resident.

ARTICLE 24

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, notwithstanding 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 onthe 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 resident.

3. Except where the provisions of paragraph 1 of Article 9, paragraph 7 of Article 11 or paragraph 6 of Article 12 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.

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. The provisions of this Article shall apply to taxes covered under this Agreement.

ARTICLE 25

MUTUAL AGREEMENT PROCEDURE

1. **[The first sentence of paragraph 1 of Article 25 of this Agreement is REPLACED by paragraph 1 of Article 16 of the MLI]** ~~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. When paragraph 1 of Article 24 applies to his situation, he may present his case to the competent authority of the State of which he is a national~~.

The following first sentence of paragraph 1 of Article 16 of the MLI replaces the {first sentence} of paragraph {1} of Article {25} of this Agreement:

ARTICLE 16 OF THE MLI – MUTUAL AGREEMENT PROCEDURE

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 [*this Agreement*], that person may, irrespective of the remedies provided by the domestic law of those Contracting States, present the case to the competent authority of either [*Contracting State*].

The case must be presented within 3 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 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 in the domestic law of the Contracting States.

3. The competent authorities of the Contracting States shall endeavor to resolve by mutual agreement any problems or conflicts 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.

4. The competent authorities of the Contracting States may communicate directly with each other or through a joint committee composed of these authorities or of representatives thereof for the purpose of reaching an agreement in the sense of the preceding paragraphs.

ARTICLE 26

EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Agreement or of the domestic laws of the Contracting States concerning taxes covered by the Agreement insofar as the taxation there under is not contrary to the Agreement specially to prevent tax avoidance or fiscal evasion. The exchange of information is not restricted by the provisions of Articles 1 and 2 of this Agreement.

2. Any information received by a Contracting State, according to paragraph 1 of this Article, shall be treated as secret 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) 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 paragraph 1 of this Article. 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 and 2 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 practices of that State 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 State 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 State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitation 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.

ARTICLE 27

DIPLOMATIC AGENTS AND CONSULAR OFFICERS

Nothing in this Agreement shall affect the tax privileges of members of diplomatic missions or consular posts under the general rules of international law or under the provisions of special agreements.

ARTICLE 28

~~LIMITATIONS ON BENEFITS~~

~~The provisions of the Convention shall not apply if the main purpose or one of the main proposes of a resident or a connected person is to obtain benefits under this Convention.~~

PREVENTION OF TREATY ABUSE

The following paragraph 1 of Article 7 of the MLI applies and supersedes the provisions of this Agreement:

ARTICLE 7 OF THE MLI –PREVENTION OF TREATY ABUSE
(*Principal purposes test provision)*

Notwithstanding any provisions of [*the Agreement*], a benefit under [*the 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 [*the Agreement*].

ARTICLE 29

ENTRY INTO FORCE

1. The Contracting States shall notify each other in writing through diplomatic channels that their constitutional requirements for entry into force of this Convention have been fulfilled.

2. The Convention shall enter into force on the date of the latter of the notifications referred to in paragraph 1 and its provisions shall apply in both Contracting States:

a) in respect of taxes withheld at source to amounts of income, derived on or after the 1st of January in the calendar year next following the year in which the Convention enters into force; and

b) in respect of other taxes on income, to taxes chargeable for any taxable year beginning on or after the 1st of January in the calendar year next following the year in which the Convention enters into force.

3. The Convention for the avoidance of double taxation and fiscal evasion with respect to taxes on income signed in Cairo on 15 Joumada 1418 Hejri, corresponding to 17 September 1997, shall cease to apply as of the entry into force of this treaty according to the provisions of paragraph 2 of this article.

ARTICLE 30

TERMINATION

This Convention shall remain in force until terminated by one of the Contracting States. Either Contracting State may terminate the Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year following after the period of five years from the date on which the Convention enters into force. In such event, the Convention shall cease to have effect:

a) in respect of taxes withheld at source, to amounts of income derived on or after the 1st of January in the calendar year next following the year in which the notice is given; and

b) in respect of other taxes on income, to such taxes chargeable for any taxable year beginning on or after the 1st January in the calendar year next following the year in which the notice is given.

In Witness whereof the undersigned, being duly authorized thereto have signed this Agreement.

Done in two original copies on 26 April 2016, in the Arabic language. Both copies have equally authenticity.