



Income Tax Department

Government of India

YEMEN ARAB REPUBLIC

Agreement for avoidance of double taxation of income derived from international air transport with Yemen Arab Republic

Whereas the annexed Agreement between the Government of the Republic of India and the Government of Yemen Arab Republic for the avoidance of double taxation of income derived from international air transport has entered into force on 13th day of December, 1986, the date of the signature thereon by the Contracting States, as required by Article 5 of the said Agreement ;

Now, therefore, in exercise of the powers conferred by section 90 of the Income-tax Act, 1961 (43 of 1961) and section 24A of the Companies (Profits) Surtax Act, 1964 (7 of 1964), the Central Government hereby directs that all the provisions of the said Agreement shall be given effect to in the Union of India.

Notification : No. GSR 2(E), dated 1-1-1987.

TEXT OF ANNEXED AGREEMENT, DATED 30-12-1986

The Government of the Republic of India and the Government of Yemen Arab Republic desiring to conclude an agreement for the avoidance of double taxation of income derived from international air transport. Have agreed as follows :

ARTICLE 1

TAXES COVERED

1. The existing taxes to which this Agreement shall apply are :

- (a) in the case of Yemen Arab Republic, the income-tax including surcharge thereon imposed under the Law No. 11-1973 (hereinafter referred to as "Yemeni tax");
- (b) in the case of India :
 - (i) the income-tax including any surcharge thereon imposed under the Income-tax Act, 1961 (43 of 1961) ;
 - (ii) the surtax imposed under the Companies (Profits) Surtax Act, 1964 (7 of 1964) (hereinafter referred to as "Indian tax").

2. This agreement shall also apply to any identical or substantial similar taxes which are imposed after the date of signature of this Agreement in addition to or in place of the taxes referred to in paragraph (1) of this article. The competent authorities of the Contracting States shall notify each other of any substantial change which are made in their respective taxation laws.

ARTICLE 2

DEFINITIONS

1. In this Agreement, unless the context otherwise requires :

- (a) the terms "a Contracting State" and "the other Contracting State" mean "Yemen Arab Republic" or "India", as the context requires ;
- (b) the term "tax" means "Yemeni tax" or "Indian tax" as the context requires ;
- (c) the term "enterprise of a Contracting State" means an airline designated by each Contracting State ;
- (d) the term "international air traffic" means any transport by an aircraft operated by an enterprise of a Contracting State, except when the aircraft is operated solely between places in the other Contracting State ;
- (e) the expression "operation of aircraft" means the business of carrying by air of passengers, livestock, goods or mail

carried on by the owners or lessees or charterers of aircraft, including the sale of tickets for such transportation on behalf of other enterprises, the incidental lease of aircraft and any other activity directly connected with such transportation.

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

ARTICLE 3

AVOIDANCE OF DOUBLE TAXATION

1. Profits derived by an enterprise of a Contracting State from the operation of aircraft in international traffic shall be exempted from tax in the other Contracting State.
2. The provisions of paragraph (1) shall also apply to profits from the participation in a pool, a joint business or an international operating agency.
3. For the purpose of paragraphs (1) and (2), interest on funds connected with the operation of aircraft in international air traffic shall be regarded as profits derived from the operation of such aircraft.

ARTICLE 4

RESIDUAL PROVISIONS

The laws in force in either of the Contracting States will continue to govern the assessment and taxation of income in the Contracting States except where express provision to the contrary is made in this agreement.

ARTICLE 5

ENTRY INTO FORCE

Each State shall notify to the other the completion of the procedures required by its law for the bringing into force of this agreement. The agreement shall enter into force on the date of the signature thereon by the Contracting States. It shall, however, apply in relation to the income of the enterprise of each Contracting State from the date of commencement of the operation of that enterprise in the other Contracting State.

ARTICLE 6

TERMINATION

This agreement shall continue in effect indefinitely but either Contracting State may, on or before the thirtieth day of June in any calendar year after the year 1991, give notice of termination to the other Contracting State and in such event this agreement shall cease to be effective—

- (a) in Yemen Arab Republic, in respect of any year of tax commencing on or after the 1st day of January of the second calendar year following the year in which the notice is given ;
- (b) in India, in respect of any assessment year commencing on or after the 1st day of April of the second calendar year following the year in which the notice is given.

IN WITNESS whereof the undersigned, duly authorised thereto, have signed the present agreement.

DONE at New Delhi this thirtieth day of December, one thousand nine hundred and eighty-six in two originals in the Hindi, Arabic and English languages, all texts being equally authentic. In the case of divergence amongst the three texts, the English text shall be the operative one.