No. 27618

FRANCE
and
OMAN

Convention for the avoidance of double taxation (with exchange of letters). Signed at Paris on 1 June 1989

Authentic texts: French and Arabic.

Registered by France on 30 October 1990.

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Convention en vue d'éviter les doubles impositions (avec échange de lettres). Signée à Paris le 1er juin 1989

Textes authentiques : français et arabe.

Enregistrée par la France le 30 octobre 1990.

[TRANSLATION — TRADUCTION]

CONVENTION[1] BETWEEN THE GOVERNMENT OF THE FRENCH REPUBLIC AND THE GOVERNMENT OF THE SULTANATE OF OMAN FOR THE AVOIDANCE OF DOUBLE TAXATION

The Government of the French Republic and

The Government of the Sultanate of Oman,

Desiring to conclude a convention for the avoidance of double taxation,

Have agreed as follows:

Article 1. PERSONAL SCOPE

This Convention shall apply to persons who are residents of one or both States.

Article 2. TAXES COVERED

1. The existing taxes to which the Convention shall apply are:

(*a*) In France:

The income tax (in particular for individuals);

The corporation tax;

The inheritance tax;

The personal services tax, solely within the scope of the provisions of article 7;

including any withholding tax, prepayment *(précompte)* or advance payment with respect to the aforesaid taxes (hereinafter referred to as "French tax").

(*b*) In the Sultanate of Oman:

The company income tax (hereinafter referred to as "Sultanate of Oman tax").

2. The Convention shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes.

3. The Convention shall apply in particular to any tax introduced by the Sultanate of Oman on total income or parts thereof, including gains from the alienation of movable or immovable property, any inheritance tax and any other taxes which are identical to those to which this Convention applies in the case of France.

The competent authorities of both States shall notify each other of significant changes which have been made in their respective taxation laws and which concern this Convention.

[1] Came into force on 1 August 1990, i.e., the first day of the second month following the date of receipt of the last of the notifications (of 25 April and 4 June 1990) by which the Parties had informed each other of the completion of the required procedures, in accordance with article 23 (1).

Article 3. GENERAL DEFINITIONS

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

(*a*) The terms "a State" and "the other State" shall mean, according to the case, the French Republic or the Sultanate of Oman;

(*b*) The term "person" includes individuals, companies and any other body of persons deemed taxable by virtue of the laws in force in one of the Contracting States;

(*c*) The term "company" means any body corporate or any legal entity which is treated as a body corporate for tax purposes;

(*d*) The terms "enterprise of a State" and "enterprise of the other State" mean respectively an enterprise carried on by a resident of a State and an enterprise carried on by a resident of the other State;

(*e*) The term "international traffic" means any transport by a ship or aircraft operated by an enterprise which has its place of effective management in a Contracting State, except when the ship or aircraft is operated solely between places in the other State;

(*f*) The term "competent authority" means:

(i) In the case of the French Republic, the Minister for the Budget or his authorized representative;

(ii) In the case of the Sultanate of Oman, the Deputy Prime Minister for Financial and Economic Affairs or his authorized representative.

2. As regards the application of the Convention by a State, any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the law of that State concerning the taxes to which the Convention applies.

Article 4. RESIDENT

1. For the purposes of this Convention, the term "resident of a State" means 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.

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

(*a*) He shall be deemed to be a resident 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 closest (centre of vital interests);

(*b*) If the State in which he has his centre of vital interests cannot be determined, or if he has no 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 both 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 States, then it shall be deemed to be a resident of the State in which its place of effective management is situated.

Article 5. INCOME FROM IMMOVABLE PROPERTY

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

2. The term "immovable property" shall have the meaning which it has under the law of the 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 private law respecting landed property apply 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, boats and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 shall apply to income derived from the use or letting of immovable property.

4. Where the ownership of stocks, shares or other rights in a company or other legal entity entitles the owner to the enjoyment of immovable property situated in a State and held by that company or other legal entity, the income which the owner derives from the use or letting of his right of enjoyment shall be taxable in that State.

Article 6. BUSINESS PROFITS

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

2. The profits attributed to a permanent establishment are those which it might be expected to make if it were a distinct and separate enterprise dealing wholly independently with the enterprise of which it is a permanent establishment. In the determination of such profits, there shall be allowed as deductions the total amount of expenses which are incurred in the acquisition of the taxable income, whether in that State or elsewhere.

3. For the purposes of the preceding paragraphs, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on, including in particular a sales outlet, a place of management, a branch, an office, a factory, a workshop, a mine, a quarry or any other place of extraction of natural resources. A building or assembly site constitutes a permanent establishment only if it lasts more than six months.

However, the term "permanent establishment" does not include the use of facilities or the maintenance of a stock of goods solely for the purpose of storage, display, processing, delivery, or the maintenance of a place of business of a non-profit nature.

Article 7. SHIPPING AND AIR TRANSPORT

1. Income derived by a French enterprise from the operation of ships or aircraft in international traffic, including incidental income from such operation, shall be exempt in the Sultanate of Oman from the taxes mentioned in paragraphs 1 (*b*), 2 and 3 of article 2 of this Convention.

2. Income derived by an Omani enterprise from the operation of ships or aircraft in international traffic, including incidental income from such operation, shall be exempt in France from the taxes mentioned in paragraphs 1 (*a*) and 2 of article 2 of this Convention.

3. Notwithstanding the provisions of paragraph 1 (*d*) of article 3:

(*a*) For the purposes of paragraph 1 of this article, the term "enterprise of the Sultanate of Oman" refers to Gulf Air and any enterprise designated by the Government of the Sultanate of Oman, and the term "enterprise of France" refers to any enterprise designated by the French Government.

(*b*) The list of enterprises designated by each Government shall be exchanged by letter through the diplomatic channel and shall be subject to modification by the same procedure.

4. If the place of effective management of a shipping enterprise or of an inland waterways transport enterprise is aboard a ship or a boat, then it shall be deemed to be situated in the State in which the home harbour of the ship or boat is situated, or, if there is no such home harbour, in the State of which the operator of the ship or boat is a resident.

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

Article 8. DIVIDENDS

1. Dividends paid by a company which is a resident of a State to a resident of the other State may be taxed in the first State only if:

The beneficial owner of the dividends holds directly or indirectly over 25 per cent of the capital of the company paying the dividends; however, the tax so charged may not exceed 5 per cent of the gross amount of the dividends, or

The holding in respect of which the dividends are paid is effectively connected either with an industrial or commercial activity carried on in that State through a permanent establishment situated therein, or with independent personal services performed in that State by the beneficial owner of the dividends from a fixed base situated therein.

2. Notwithstanding article 1 of this Convention, the provisions of paragraph 1 apply equally to dividends paid by a company of one State to the other State itself, the Central Bank or the public institutions of that other State.

3. The term "dividends" as used in this article means income from shares, "jouissance" shares or "jouissance" mining shares, founders' shares or other rights, not being debt-claims, participating in profits, as well as income which subjected to the same taxation treatment as income from shares by the laws of the State of which the company making a distribution is a resident.