

AGREEMENT BETWEEN THE GOVERNMENT OF THE SULTANATE OF OMAN AND THE  
GOVERNMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA FOR THE  
AVOIDANCE OF DOUBLE TAXATION OF INCOME DERIVED FROM INTERNATIONAL AIR  
TRANSPORT.

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The Government of the Sultanate of Oman and the Government of the Democratic Socialist Republic of Sri Lanka;

Desiring to conclude an Agreement for the avoidance of double taxation of income derived from international air transport;

Have agreed as follows:

ARTICLE I

TAXES COVERED

- (1) The taxes which are the subject of this Agreement are:
  - a) In the Democratic Socialist Republic of Sri Lanka:

the Income Tax.

(hereinafter referred to as "Sri Lanka Tax")
  - b) In the Sultanate of Oman:
    - i) the Company Income Tax;
    - ii) the Profit Tax on Commercial and Industrial establishments;

(hereinafter referred to as "Omani tax")
- (2) This Agreement shall also apply to any identical or substantially similar taxes which are imposed by either Contracting State 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.

Each Contracting State shall immediately inform the other Contracting State of any substantial changes which have been made in its respective taxation laws which affect this Agreement.

## ARTICLE 2

### DEFINITIONS

(1) In this Agreement, unless the context otherwise requires:

(a) the terms "a Contracting State" and "the other Contracting State" mean the Democratic Socialist Republic of Sri Lanka or the Sultanate of Oman as the context requires;

(b) the term "tax" means Sri Lanka tax or Omani tax as the context requires;

(c) the term "enterprise of a Contracting State" means:

- 1) Gulf Air;
- 2) Air Lanka Limited;

the above mentioned enterprises may be added to or replaced by other enterprises through the exchange of letters or any other similar arrangements between the two Contracting States;

(d) the term "international 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 term "competent authority" means:

- in the case of the Democratic Socialist Republic of Sri Lanka, the Commissioner General of Inland Revenue.

- in the case of the Sultanate of Oman, the Deputy Prime Minister for Financial & Economic Affairs or his authorised representative.

- (2) In the application of the provisions of this Agreement by a Contracting State any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of this Agreement.

### ARTICLE 3

#### AVOIDANCE OF DOUBLE TAXATION

- (1) Income and profits derived from the operation of aircraft in international traffic by an enterprise of a Contracting State shall be exempt from tax in the other Contracting State.
- (2) The provisions of paragraph (1) of this Article shall also apply to the share of income and profits from the operation of aircraft in international traffic derived by an enterprise of a Contracting State through participation in a pool, a joint business or an international operating agency.
- (3) For the purposes of this Article:
- a) the term "operation of aircraft" means transportation by air of passengers, baggage, livestock, goods or mail, carried on by an enterprise of a Contracting State, and includes the sale of tickets or similar documents for such transportation,
  - b) Interest on funds directly connected with the operation of aircraft in international traffic shall be regarded as income from the operation of such aircraft.
- (4) Gains derived by an enterprise of a Contracting State from the alienation of aircraft owned and operated by the enterprise in international traffic, the income from which is taxable only in that State, and gains from the alienation of spares and equipment used by the enterprise in the operation of such aircraft shall be exempt from tax in the other Contracting State.

- (5) Payments, which a trainee of an enterprise of a Contracting State who is present in the other Contracting State solely for the purpose of his training receives for the purpose of his maintenance and training, shall not be taxed in that other Contracting State provided that such payments arise from outside that State and that the period of such training does not exceed two years.

#### ARTICLE 4

##### RENEGOTIATION

If an enterprise of the Democratic Socialist Republic of Sri Lanka is charged to tax of the kind referred to in Article 1, with respect to income and profits referred to in Article 3, in any State of which Gulf Air is the national carrier, the Contracting States shall open negotiations without delay with a view to adjusting accordingly the exemptions afforded by Article 3 of this Agreement.

#### ARTICLE 5

##### MUTUAL AGREEMENT PROCEDURE

The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Agreement. They may also consult together for the elimination of double taxation in cases not provided for in this Agreement.

#### ARTICLE 6

##### ENTRY INTO FORCE

Each Contracting State shall notify the other through diplomatic channels of the completion of the relevant procedures required by its law to bring this Agreement into force. The Agreement shall enter into force on the date of the later of these notifications and shall thereupon have effect as regards income and gains arising on or after the first day of January, 1979.

Article 7

TERMINATION

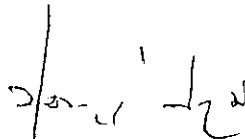
This Agreement shall remain in force indefinitely but either Contracting State may Terminate it by giving notice of termination through diplomatic channels, at least six months before the end of any calendar year after the fifth year following that of the entry into force. In such event this Agreement shall cease to be effective for any year of assessment commencing on or after 1 January in the calendar year next following that in which such notice is given.

In witness whereof the undersigned, duly authorised thereto by their respective Governments, have signed this Agreement.

Done in duplicate at Muscat this twenty sixth day of July 1994 AD, corresponding to seventeen Safar 1415 AH, in Arabic Sinhala and English languages, all texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.



For the Government of the  
Sultanate of Oman.



For the Government of the  
Democratic Socialist Republic  
of Sri Lanka.