

**AGREEMENT BETWEEN THE GOVERNMENT OF THE SULTANATE OF
OMAN AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN
FOR THE AVOIDANCE OF DOUBLE TAXATION OF INCOME DERIVED
FROM INTERNATIONAL AIR TRANSPORT.**



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AGREEMENT BETWEEN THE GOVERNMENT OF THE SULTANATE OF OMAN AND THE GOVERNMENT OF THE ISLAMIC REPUBLIC OF IRAN FOR THE AVOIDANCE OF DOUBLE TAXATION OF INCOME DERIVED FROM INTERNATIONAL AIR TRANSPORT.

The Government of the Sultanate of Oman and the Government of the Islamic Republic of Iran,

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 taxes which are the subject of this Agreement are:
- a) 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").
 - b) In the Islamic Republic of Iran, income taxes subject to the Direct Taxes Law, ratified in the year 1366 (Iranian Calendar);
(hereinafter referred to as "Iranian Tax").
- (2) a) 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.
- b) 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:

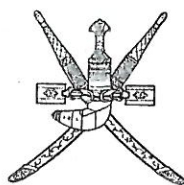


- a) the terms "a Contracting State" and "the other Contracting State" mean the Sultanate of Oman or the Islamic Republic of Iran as the context requires;
 - b) the term "tax" means Omani tax or Iranian tax as the context requires;
 - c) the term "enterprise of a Contracting State" means:
 - i) In the case of the Sultanate of Oman, Gulf Air and any other air transport enterprise managed and controlled in the Sultanate of Oman and created or organised under the Laws of the Sultanate of Oman;
 - ii) In the case of Islamic Republic of Iran, any air transport enterprise managed and controlled in the Islamic Republic of Iran and created or organised under the Laws of the Islamic Republic of Iran;
 - 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:
 - i) in the case of the Sultanate of Oman, the Minister of National Economy and in charge of Ministry of Finance or his authorised representative.
 - ii) in the case of the Islamic Republic of Iran, the Minister of Economic Affairs and Finance 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) 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,



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- 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.
- (3) 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 spare parts and equipment used by the enterprise in the operation of such aircraft shall be exempt from tax in the other Contracting State.
- (4) 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 sources outside that State and that the period of such training does not exceed two years.

ARTICLE 4

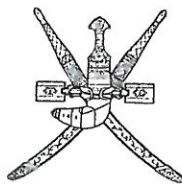
MUTUAL AGREEMENT PROCEDURE

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 this Agreement.

ARTICLE 5

ENTRY INTO FORCE

- (1) 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, profits and gains arising after 60 days from that date.
- (2) If an enterprise of the Islamic Republic of Iran 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 exemptions granted under Article 3 will temporarily cease to apply and the Contracting States shall open negotiations without delay with a view to adjusting accordingly the exemptions afforded by Article 3 of this Agreement. Upon successful conclusion of such negotiations, this Agreement shall automatically become effective.



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ARTICLE 6

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* on *2/9/1417AH, 22/10/1375* Iranian Calendar, corresponding to *11/1/1997AD*, in Persian, Arabic 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**

**Ahmed bin Abdalnabi Macki
Minister of National Economy &
Deputy Chairman of Financial Affairs
Council & Natural Resources**

**For the Government of the
Islamic Republic of Iran**

**Saiavash Zargar Yaghubi
Ambassador of the Islamic
Republic of Iran to Muscat**