**People's Democratic Republic of Yemen**

**AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF INDIA AND THE GOVERNMENT OF THE PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN FOR THE AVOIDANCE OF DOUBLE TAXATION OF INCOME DERIVED FROM INTERNATIONAL AIR TRANSPORT.**

**[Notification No. 8070 (F. No. 501/1/87-FTD) dated 12-8-1988]**

G.S.R. No. 857(E).---Whereas the annexed Agreement between the Government of the Republic of India and the Government of the People's Democratic Republic of Yemen for the avoidance of double taxation of income derived from international air transport has entered into force on 5-8-1988, the date of 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.

**ANNEXURE**

THE GOVERNMENT OF THE REPUBLIC OF INDIA

AND THE GOVERNMENT OF THE PEOPLE'S DEMOCRATIC REPUBLIC OF YEMEN 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 People's Democratic Republic of Yemen, the income-tax including surcharge thereon (hereinafter referred to as "Yemeni Tax");

b.    in the case of India:

                      i.        the income-tax including any surcharge there on;

                     ii.        the surtax

(hereinafter referred to as "Indian Tax").

2.     This Agreement shall also apply to any identical or substantialy similar taxes which are imposed after the date of signature of this Agreement in addition to or in place of the taxes refered to in paragraph 1 of this Article. The competent authorities of the Contracting States shall notify each other of any substantial changes 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 "People's Democratic Republic of Yemen" 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 airlines 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 term 'operation of aircraft' means the transportation 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, the incidental lease of aircraft in cluding on a charter basis and any other activity directly connected with such transportation;

f.     the term 'competent authority' means:

                      i.        in the case of the People's Democratic Republic of Yemen, the Ministry of Finance or its authorised representative;

                     ii.        in the case of India, the Central Government in the Department of Revenue or its authorised representative.

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 the taxes which are subject of this Agreement.

**ARTICLE 3**

**AVOIDANCE OF DOUBLE TAXATION**

1.     Income derived by an enterprise of a Contracting State from the operation of aircraft in international air traffic shall be exempted from tax in the other Contracting State.

2.     The provisions of paragraph 1 shall also apply to income from the participation in a pool, a joint airline 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 income derived from the operation of such aircraft.

**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 the Agreement.

**ARTICLE 5**

**ENTRY INTO FORCE**

Each of the Contracting States 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 signature thereon by the Contracting States, and shall thereupon have effect in respect of income arising in any fiscal year commencing on or after the 1st day of January, 1983.

**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 1993 give notice of termination to the other Contracting State and in such event this Agreement shall cease to be effective in respect of income arising in any fiscal year commencing on or after the 1st day of January next following the calendar 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 Fifth day of August one thousand nine hundred and eighty eight 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.

For the Government of the

Republic of India

(Sd.) (P. K. APPACHOO)

Joint Secretary to the Government of India.

For the Government of the

People's Democratic Republic of Yemen

(Sd.) (H.E. MOHAMED BIN MOHAMED AL-HUBEISHI)

Ambassador Extraordinary and Plenipotentiary of the People's Democratic Republic of Yemen

**[FM 501/1/87-FTD Notification No. 8070]**