AGREEMENT[1] BETWEEN THE GOVERNMENT OF INDIA AND THE GOVERNMENT OF SOCIALIST ETHIOPIA FOR THE AVOIDANCE OF DOUBLE TAXATION OF INCOME OF ENTERPRISES OPERATING AIRCRAFT
New Delhi, 25 November 1976

The Government of INDIA

AND

The Government of ETHIOPIA,

DESIRING to conclude an agreement for the avoidance of double taxation on income of enterprises operating aircraft chargeable to tax in the said countries in accordance with their respective laws,

HAVE AGREEED as follows :

Article 1

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

(a) The term "Ethiopia" means the territory of Ethiopia and the various islands forming parts of Ethiopia, and includes the territorial sea and any other marine areas adjacent thereto, including their seabed and sub-soil, over the resources of which Ethiopia has, or may hereinafter have, sovereign rights in accordance with international law;

(b) The term "India" means the territory of India and includes the territorial sea and any other marine areas adjacent thereto, including their seabed and sub-soil, over the resources of which India has, or may hereinafter have, sovereign rights in accordance with international law;

(c) The terms "a Contracting State" and the "other Contracting State" mean Ethiopia or India, as the context requires;

1. Came into force on 4 January 1978.

(d) The term "enterprise of a Contracting State" means :

(i) an airline designated by the Government of that State in pursuance of the Agreement[1] dated 3rd August, 1967 (as amended or revised from time to time) between the Government of India and the Government of Ethiopia relating to air services; or

(ii) an airline which is authorised by the Government of that State by a general or special arrangement between the two Contracting States to operate chartered flights between or beyond their territories;

(e) 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; and

(f) the expression "operation of aircraft" means a business of transportation by air of persons, livestock, goods or mail, carried on by the owners or lessers or charterers of aircraft, including the sale of tickets for such transportation on behalf of other enterprises 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 the taxes which are the subject of this Agreement.

Article 2

1. Under this Agreement, income derived by an enterprise of a Contracting State from the operation of aircraft in international traffic shall, on the principle of reciprocity be exempt from tax in the other Contracting State.

2. Paragraph 1 shall also apply in respect of participations in a pool, a joint venture or in any other similar arrangement regarding air transport.

3. For the purpose of paragraph 1, interest on funds directly connected with the operation of aircraft shall be regarded as income from the operation of such aircraft.

4. For the purpose of this Article, the term "tax" shall mean income

1. IBTA Vol. 6 Doc. No. 364.

taxes and any other taxes, dues and levies on income which are imposed or may hereafter be imposed on behalf of each Contracting State or of its political sub-divisions or local authorities, irrespective of the manner in which they are imposed.

Article 3

1. This Agreement shall be approved in accordance with the laws and practice in force in each of the Contracting States. It shall enter into force on the date of the exchange of letters certifying that the proper procedure was fulfilled in each Contracting State. The exchange of letters shall take place at Addis Ababa as soon as possible.

2. This Agreement shall have effect :

   (a) In Ethiopia, in respect of income derived from the operation of aircraft in international traffic after 1st July, 1966.

   (b) In India, in respect of income derived from the operation of aircraft in international traffic after 1st July, 1966

Article 4

This Agreement shall continue in effect indefinitely but may be terminated by either of the Contracting States with a written notice of six months. In such event, the Agreement shall cease to be effective in respect of income derived from operation of aircraft in international traffic after the 1st day of January next following the date on which the said period of six months expires.

IN WITNESS WHEREOF the undersigned, duly authorised thereto, have signed the present Agreement.

DONE in duplicate at New Delhi this 25th day of November, one thousand nine hundred and seventy six in the *Amharic*, English and Hindi languages, all the texts being equally authentic, except that in the case of divergence of interpretation the English text shall prevail.

Sd/-
PRANAB KUMAR MUKERJEE
For the Government of
the Republic of India

Sd/-
BERHANE S. A. DENEKE
For the Provisional Military
Government of Socialist
Ethiopia

EXCHANGE OF LETTERS

EXCELLENCY,

With reference to the Agreement which is being signed today between the Government of India and the Government of Ethiopia for the avoidance of double taxation of income of enterprises operating aircraft, I have the honour to state on behalf of the Government of India that whereas the said Agreement provides for the exemption from tax in either Contracting State of the income derived by an enterprise of the other Contrating State from operation of aircraft in international traffic after 1st July, 1966, the two Contracting States have agreed as follows :

(1) Ethiopian Airlines being an enterprise of Ethiopia, any taxes paid by it or any deposits made by it towards its tax dues in India in respect of its income for which it is exempt from tax in accordance with the Agreement aforesaid shall be refunded by the Government of India to Ethiopian Airlines on an application in this behalf by Ethiopian Airlines within six months from the date on which the Agreement aforesaid enters into force, and any preceedings already initiated for the taxation of such income shall be terminated.

(2) Air India being an enterprise of India, any taxes paid by it or any deposits made by it towards its tax dues in Ethiopia in respect of its income for which it is exempt from tax in accordance with the Agreement aforesaid shall be refunded by the Government of Ethiopia to Air India an application in this behalf by Air India within six months from the date on which the Agreement aforesaid enters into force, and any proceedings already initiated for the taxation of such income shall be terminated.

I shall be grateful if Your Excellency will confirm your agreement with the position as stated above and, in such case, this note and Your Excellency's reply thereto shall be deemed to be part of the Agreement aforesaid.

Please accept, Excellency, the assurances of my highest consideration.

Sd/-
PRANAB KUMAR MUKHERJEE

To,

Mr. BERHANE S.A. DENEKE
Charge d' Affaires,
of Socialist Ethiopia,
New Delhi

EXCELLENCY,

I have the honour to acknowledge receipt of your letter of today running as follows :

[Not reproduced]

2. I have the honour to confirm, on behalf of the Government of Ethiopia, the position as stated above. Your note of today's date and my reply thereto shall, therefore, form a part of the Agreement.

Accept, Excellency, the assurances of my highest consideration.

Sd/-
BERHANE S.A. DENEKE

To,

Shri PRANAB KUMAR MUKHERJEE,
Minister of Revenue and Banking,
Government of India,
New Delhi