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**Legislative Decree No. (1) of 1980 Approving the Convention on the Elimination Of Double Taxation on Taxes of Income from International Air Transport between the Government of the State of Bahrain and the Government of the French Republic**

We, Isa bin Salman Al Khalifa, Emir of the State of Bahrain.

Having reviewed the Constitution;

Emiri Order No. (4) of 1975;

And the Convention on the Elimination Of Double Taxation on Taxes of Income from International Air Transport between the Government of the State of Bahrain and the Government of the French Republic;

Upon the submission of the Minister of Development and Industry;

And after the approval of the Council of Ministers;

**Hereby Decree the Following:**

**Article One**

The Convention on the Elimination Of Double Taxation on Taxes of Income from International Air Transport between the Government of the State of Bahrain and the Government of the French Republic, signed in Paris on 8 Muharram 1400 A.H. corresponding to 26 November 1979 attached to this Law, has been approved.

**Article Two**

The Ministers – each within his jurisdiction– shall implement this Law, and it shall come into force from the date of its publication in the Official Gazette.

**Emir of the State of Bahrain**

**Isa bin Salman Al Khalifa**

Issued at Riffa Palace

On: 26 Safar 1400 A.H.

Corresponding to: 14 January 1980

**Convention between the Government of the French Republic and the Government of the State of Bahrain on the Elimination Of Double Taxation on Taxes of Income from International Air Transport**

The Government of the French Republic and the Government of the State of Bahrain, desiring to conclude a Convention on the elimination of double taxation on taxes of income from international air transport.

Have Agreed upon the following provisions:

**Article One**

**Taxes Covered**

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

A- For France

1- Income tax

2- Corporate tax

It shall include any withheld tax or prepaid amount for these two taxes.

3- Professional tax

Hereinafter referred to as the “French Tax”. The Convention shall also apply to in rem or similar taxes to be imposed after the signature date of the Convention, in addition to or in lieu of existing taxes.

B- For Bahrain

The same or similar taxes to those to which this Convention shall apply with respect to France, if such taxes are imposed after the signature date of the Convention.

(Hereinafter referred to as the taxes of the State of Bahrain):

1- Corporate tax

2- Municipal tax

2- The competent authorities of each of the two States shall exchange the necessary changes occurring to the taxation laws.

**Article Two**

**Definitions**

1 - For the purpose of this Convention

A ) The phrases “State” and “Other State” shall mean France or Bahrain, unless the context otherwise requires.

The phrase “Both States” shall mean France and Bahrain.

B )  The phrase “French Institution” shall mean the institutions designated by the French Government.

C )  The phrase “Institutions of the State of Bahrain” shall mean the institutions designated by the Government of the State of Bahrain.

D )  It shall be permissible for the list of institutions designated by the Government, which is stated in the present Convention, to be amended by an exchange of letters between both States.

E )  The phrase “International Air Transport” shall mean any transport of passengers, commodities, or mail carried out by aircraft belonging to a State institution, unless such aircraft is used solely between two places in the Other State.

2 - With respect to the application of this Convention by a State, any phrase not specified therein shall, unless the context otherwise requires, have the meaning given in the tax laws of that State to which the Convention shall apply.

**Article Three**

**Income Taxes**

1- The income derived by the “Institution of the State of Bahrain” from the operation of aircraft in international transport, including the additional income from this operation, shall be exempted in France from the taxes referred to in Article One, paragraph (1), sub-paragraph (A), at a rate equal to the portion employed by individuals residing in Bahrain, or at a rate equal to the portion of the capital employed by the Institution owned directly or indirectly by either individuals residing in Bahrain, companies or partners already residing in Bahrain, the State of Bahrain, or companies in which that State is a shareholder.

2 - The income received by the “French Institution” from the operation of aircraft in international transport, including the additional income from such operation, shall be exempted in Bahrain from the taxes referred to in Article One, paragraph (1), sub-paragraph (B).

3 - The texts of paragraphs (1) and (2) shall also apply to income derived from participation in a group, a joint business, or an international operating agency.

**Article Four**

**The Territorial Scope**

1 - This Convention shall apply: -

A ) For Bahrain, on the territory of the State of Bahrain.

B ) For France, on all French territory and its overseas territories.

2 - It shall be permissible for the Convention to be extended, either in its text or with necessary amendments, to the French overseas territories that impose taxes similar to those to which the Convention shall apply. Any such extension shall take effect from that date, and shall be amendable and subject to the conditions for the Convention termination, provided that this shall be done with the consent and approval of both States through the exchange of notes through diplomatic channels, or through any other way consistent with their respective legal procedures.

3 - Either Contracting Party shall have the right to, upon the approval of both States, terminate this Convention, in accordance with Article (6), and at the same time, shall terminate the application of this Convention to any area covered by this Article.

**Article Five**

**Entry Into Force**

1 - Each State shall notify the other of the completion of its legal procedures required for the entry into force of this Convention, and that the Convention shall enter into force on the first day of the second month following the arrival of such notices.

2 - The provisions of the Convention shall be applied for the first time:-

A ) For taxes withheld from the amount, on amounts paid on or after 1 January 1977 .

B )  For the other income taxes, on the income of the year 1977, and to accounts ending with the accounting period during that year.

**Article Six**

**Termination of the Convention**

1 - This Convention shall remain in force without extension, and after 1986, either States shall have the right to notify the other in writing and through diplomatic channels of its Decision to terminate this Convention, 6 months prior to the end of the Solar year.

2 - In this case, the provisions of this Convention shall remain in force until the end of the term.

A) For taxes withheld from the amount, on amounts paid before or on December 31 of the Solar year in which the termination of the Convention was notified.

B) For other income taxes, on income earned during the Solar year in which the termination of the Convention was notified, or for the accounting period ending during that year.

In witness whereof, the undersigned, duly authorised by their respective governments, have signed this Convention.

This Convention was issued in two copies, at Paris on 26/11/1979, in both the French and Arabic languages, both texts being equally authentic.

**For the Government of the French Republic For the Government of the State of Bahrain**

**Annex**

The institutions designated by the French Government

1 - Air France

2 - Union de Transports Aériens (UTA)

The institutions designated by the Government of the State of Bahrain

1 - Bahrain Air