

MEMORANDUM OF UNDERSTANDING

Delegations representing the Aeronautical Authorities of the Sultanate of Oman and of the Russian Federation, met in Moscow, Russian Federation, on 26 December, 2022, to negotiate the amendments to the Air Service Agreement, taxation and transfer of funds, air traffic rights and other related matters.

The lists of the Members of the two Delegations are attached hereto as **Attachment (1)**.

As a result of these discussions, which were held in a cordial and friendly atmosphere, the two Delegations have agreed the following:

1. MODIFICATION OF THE EXISTING AIR SERVICES AGREEMENT (ASA), signed in Muscat on 16 January, 1993.

The Omani delegation proposed to amend the existing Air Services Agreement, by adding the following articles as **Attachment (2)**:

- 1. APPROVAL OF TIMETABLES, Article (5 A)**
- 2. TAXATION AND TRANSFER OF FUNDS, Article (11 A)**
- 3. AVIATION SAFETY, Article (12 A)**

The delegation of the Aeronautical Authority of the Russian Federation has agreed to consult the concerned authorities about these amendments and revert with the outcome.

2. TAXATION AND TRANSFER OF FUNDS:

The Omani delegation requested to consider the immediate implementation of the proposal related to taxation and transfer of funds that was sent to the Aeronautical Authority of Russian Federation on 28 January, 2020 as **Attachment (3)**.

As this issue is out of the competency of the Ministry of Transport of the Russian Federation, the Aeronautical Authority of the Russian Federation has agreed to consult the concerned authorities about this request and revert with the outcome.



3. DESIGNATION OF AIRLINES:

The Aeronautical Authority of the Sultanate of Oman Designates Oman Air and Salam Air as the national air carriers to utilize the agreed services.

The Aeronautical Authority of the Russian Federation will inform the Aeronautical Authority of the Sultanate of Oman about its Designated Airlines in due course.

4. CAPACITY AND FREQUENCIES:

Both Delegations agreed that the designated airlines of each Party will be permitted to operate up to 14 weekly frequencies on each city pair for passengers, cargo or in combination services with 3rd and 4th freedom traffic rights with any type of aircraft. The request for additional flights will be considered in most favorable manner.

5. FIFTH FREEDOM TRAFFIC RIGHTS:

Exercise of 5th Freedom traffic rights shall be subject to the approval of the Aeronautical Authority of the other Contracting Party.

6. CODE-SHARING:

While operating or holding out the air services on the specified routes the designated airline(s) may enter into commercial and/or co-operative marketing arrangements including, but not limited to, blocked-space or code-sharing with any other airline, including an airline of the same side and an airline of a third country, provided that:

- a) the operating airline in such arrangements holds the appropriate operating authorization and traffic rights;
- b) both the operating and marketing airlines hold the appropriate route rights;
- c) no service is operated by an airline of one country for the carriage of passengers between a point in the territory of the other country and a point in a third country, or between two points in the territory of the other country,



and no such passengers are carried, unless that airline itself has traffic rights between those two points;

d) in respect of each ticket sold, the purchaser is informed at the point of sale which airline will operate each flight forming part of the service;

e) the activities mentioned are carried out in accordance with the laws and regulations applicable in each country, including those governing competition;

f) the relevant airline has secured any necessary approvals from its own Authorities, for the purposes of ensuring that the code-sharing arrangement is consistent with bilateral arrangements with any relevant third country; and

g) code-sharing agreements will be subject to approval by Aeronautical Authorities of both Contracting Parties.

7. NON SCHEDULED SERVICES:

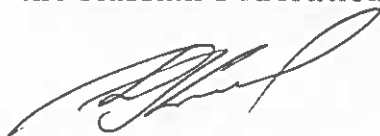
Both Delegations agreed that the airlines of both Parties may operate nonscheduled flights between the territories of their respective countries provided that such services fully comply with the rules and regulations enforced by each Party.

8. COME INTO EFFECT:

Both Delegations agreed that this Memorandum of Understanding will become effective upon the date of its signature.

Signed in Moscow, Russian Federation on 26 December, 2022.'

**For the Aeronautical Authorities of
the Russian Federation**



**Dmitriy S. Khlopushin
Head of Delegation of the Russian
Federation**

**For the Aeronautical Authorities of
the Sultanate of Oman**



**Mr. Salim Hamed Said Al Husaini
Head of Delegation of the
Sultanate of Oman**

DELEGATION OF THE SULTANATE OF OMAN

Head of Delegation

Mr. Salim Hamed Said Al Husaini
Director General of Civil Aviation Regulation
Civil Aviation Authority

Delegates

H.E. Hamood Salim Al Towaiya
Ambassador of the Sultanate of Oman to
The Russian Federation

Mr. Khalid Saed Mohammed Al Saadi
Chief of Aviation Agreement
Civil Aviation Authority

Dr. Abdulrazaq Juma Essa Alraisi
Chief Governance, Risk Management and Compliance Officer
Oman Air

Mr. Aleksandr Korolev
Acting Country Manager Russia
Oman Air

Mr. Majd Samir Bait Bilal
Business Development Manager – Salam Air



DELEGATION OF THE RUSSIAN FEDERATION

Head of Delegation

Khlopushin Dmitriy.S
Acting Director of Department of the State Policy in Civil Aviation
Ministry of Transport of the Russian Federation

Delegates

Sapetko Alexander A.
Director of the International Cooperation Department Ministry of Transport
of the Russian Federation

Sukharnikova Ekaterina A.
Chief of Air Services Division Department of the State Policy in Civil
Aviation Ministry of Transport of the Russian Federation

Shatalin Alexander V.
Chief specialist-expert of Air Services Division Department of the State
Policy in Civil Aviation Ministry of Transport of the Russian

Pinina Valeria V.
Specialist-expert of the International Cooperation Department Ministry
of Transport of the Russian Federation

Vasiliev Sergey E.
Deputy Director, Department of Transportation Regulation and International
Cooperation, Federal Air Transport Agency, Ministry of Transport
of the Russian Federation



Attachment (2)

**ARTICLE 5 A
APPROVAL OF TIMETABLES**

The Designated Airlines of each Party shall submit for approval to the Aeronautical Authorities of the other Contracting Party not later than 30 (thirty) days prior to the inauguration of services on the Specified Routes and prior to each traffic season, the flight timetables including the types of aircraft to be used.

This shall likewise apply to the later changes. In special cases, this time limit may be reduced subject to the consent of the said authorities.

**ARTICLE 11 A
TAXATION AND TRANSFER OF FUNDS**

1. Profits or income from the operation of aircraft in international traffic derived by the Designated Airlines of each Contracting Party, including participation in inter-airline commercial agreements or joint business ventures, shall be exempt from any tax on profits or income imposed by the government of the other Contracting Party.
2. Capital and assets of the Designated Airlines of each Contracting Party pertaining to the operation of aircraft in international traffic shall be exempt from any tax on capital and assets imposed by the government of the other Contracting Party.
3. Gains from the alienation of aircraft operated in international traffic and movable property pertaining to the operation of such aircraft derived by the Designated Airlines of each Contracting Party shall be exempt from any tax on gains imposed by the government of the other Contracting Party.
4. For the purposes of this Article:
 - a) the term "profits or income" includes gross receipts and revenues derived directly from the operation of aircraft in international traffic, including:



- i) the charter or rental of aircraft;
 - ii) the sale of air transportation, either for the Designated Airline itself or for any other airline; and
 - iii) interest on sums generated directly from the operation of aircraft in international traffic provided that such interest is incidental to the operation;
 - b) the term "international traffic" means the transportation of passengers and/or cargo, including mail, except where such transportation is principally between points in the territory of a Party.
5. The Designated Airlines of the Contracting Parties shall be free to transfer the excess of the receipts over expenditure in the territory of the sale.
 6. Such transfers shall be effected in a freely convertible currency at the official rate of exchange and shall not, with the exception of normal banking charges and procedures, be subject to any charge, limitation, imposition or delay.
 7. Where a special Agreement for avoidance of double taxation with respect to taxes on income and capital exists between the Contracting Parties, the provisions of this Agreement shall prevail.

ARTICLE 12 A AVIATION SAFETY

1. Each Contracting Party may request consultations at any time concerning the safety standards maintained by the other Contracting Party in areas relating to aeronautical facilities, flight crew, aircraft and the operation of aircraft. Such consultations shall take place within thirty (30) days of that request.
2. If, following such consultations, one Contracting Party finds that the other Contracting Party does not effectively maintain and administer



safety standards in the areas referred to in paragraph (1) that meet the standards established at that time pursuant to the Convention, the other Contracting Party shall be informed of such findings and of the steps considered necessary to conform with the International Civil Aviation Organization (ICAO) standards. The other Contracting Party shall then take appropriate corrective action within an agreed time period.

3. Pursuant to Article 16 of the Convention, it is further agreed that, any aircraft operated by, or on behalf of an Airline of one Contracting Party, on service to or from the Territory of another Contracting Party, may, while within the Territory of the other Contracting Party be the subject of a search by the authorized representatives of the other Contracting Party, provided this does not cause unreasonable delay in the operation of the aircraft. Notwithstanding the obligations mentioned in Article 33 of the Convention and Article 12 of this Agreement, the purpose of this search is to verify the validity of the relevant aircraft documentation, the licensing of its crew, and that the aircraft equipment and the condition of the aircraft conform to the standards established at that time pursuant to the Convention.
4. When urgent action is essential to ensure the safety of an Airline operation, each Contracting Party reserves the right to immediately suspend or vary the operating authorization of an Airline or Airlines of the other Contracting Party.
5. Any action by one Contracting Party in accordance with paragraph (4) above shall be discontinued once the basis for the taking of that action ceases to exist.
6. With reference to paragraph (2) above, if it is determined that one Contracting Party remains in non-compliance with ICAO standards when the agreed time period has lapsed, the Secretary General of ICAO should be advised thereof. The latter should also be advised of the subsequent satisfactory resolution of the situation.



Ref: PACA/1/2/10/ 789 /2020

28 January 2020

H.E. Ms Svetlana Petrova
Director, Department of the State Policy in Civil Aviation
Ministry of Transport of the Russian Federation
Rozhdestvenka str, 1, building 1
Moscow, Russia
109992

After Compliments,

SUB: Bilateral Air Services Agreement between Oman and Russia

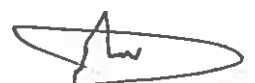
Public Authority for Civil Aviation of the Sultanate of Oman (PACA) presents its compliments to the Ministry of Transport of the Russian Federation.

Aiming to strengthen the relations between Russian Federation and Sultanate of Oman, facilitated by the direct passenger air service between Moscow and Muscat since October, 31st, 2018, we would like to emphasize the importance of relief in taxation in the sphere of Civil aviation. In particular, obligatory taxation of each ticketing transaction is the obstacle for successful and mutually profitable cooperation between Oman Air and its valued partner in Russia, 57 Airlines.

Reference to the Air Services Agreement (ASA) signed between our two friendly countries on 16th January 1993 in Muscat, PACA would suggest the following article to be added to the above mentioned ASA:

Taxation and transfer of funds

- 1. Profits or income from the operation of aircraft in international traffic derived by the Designated Airlines of each Contracting Party, including participation in inter-airline commercial agreements or joint business ventures, shall be exempt from any tax on profits or income imposed by the government of the other Contracting Party.*
- 2. Capital and assets of the Designated Airlines of each Contracting Party pertaining to the operation of aircraft in international traffic shall be exempt from any tax on capital and assets imposed by the government of the other Contracting Party.*
- 3. Gains from the alienation of aircraft operated in international traffic and movable property pertaining to the operation of such aircraft derived by the Designated Airlines of each Contracting Party shall be exempt from any tax on gains imposed by the government of the other Contracting Party.*



4. For the purposes of this Article:

- a) the term "profits or income" includes gross receipts and revenues derived directly from the operation of aircraft in international traffic, including:
- i) the charter or rental of aircraft;
 - ii) the sale of air transportation, either for the Designated Airline itself or for any other airline; and
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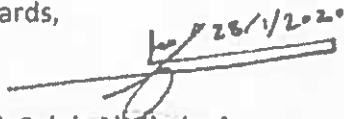
6. Such transfers shall be effected in a freely convertible currency at the official rate of exchange and shall not, with the exception of normal banking charges and procedures, be subject to any charge, limitation, imposition or delay.

7. Where a special Agreement for avoidance of double taxation with respect to taxes on income and capital exists between the Contracting Parties, the provisions of such Agreement shall prevail.

In view of the above, we are looking forward to receiving your positive response and if this is acceptable by your side, we suggest that the implementation will come into immediate effect from the date of your response letter until such will later be formalized during the next consultation meeting between the two Aeronautical Authorities.

Assuring you of our best corporation at all times.

Best regards,


28/1/2020

Mubarak Saleh Al-Ghelani
Director General of Civil Aviation Regulation
Public Authority for Civil Aviation

