No. 2473

BELGIUM
and
SWEDEN

Agreement for the avoidance of double taxation and for the settlement of certain other questions relating to taxes on income and property. Signed at Stockholm, on 1 April 1953

Official texts: French and Swedish.

Registered by Belgium on 4 February 1954.

BELGIQUE
et
SUÈDE

Convention tendant à éviter les doubles impositions et à régler certaines autres questions en matière d'impôts sur les revenus et sur la fortune. Signée à Stockholm, le 1er avril 1953

Textes officiels français et suédois.

Enregistrée par la Belgique le 4 février 1954.

[TRANSLATION — TRADUCTION]

No. 2473. AGREEMENT[1] BETWEEN BELGIUM AND SWEDEN FOR THE AVOIDANCE OF DOUBLE TAXATION AND FOR THE SETTLEMENT OF CERTAIN OTHER QUESTIONS RELATING TO TAXES ON INCOME AND PROPERTY. SIGNED AT STOCKHOLM, ON 1 APRIL 1953

His Majesty the King of Belgium and His Majesty the King of Sweden, being desirous of avoiding double taxation and of settling certain other questions with respect to taxes in income and property, have decided to conclude an Agreement and have for that purpose appointed as their plenipotentiaries :

His Majesty the King of Belgium :

Count Jacques de Lalaing, His Envoy Extraordinary and Minister Plenipotentiary at Stockholm;

His Majesty the King of Sweden :

Mr. Dag H. A. C. Hammarskjöld, His Minister of State ad interim for Foreign Affairs,

who, having examined each other's full powers, found in good and due form, have agreed upon the following provisions :

Article 1

1. This Agreement applies to taxpayers of either of the Contracting States who derive some of their income from the territory of the other State or who possess certain property in the territory of that State. The expression " taxpayers of either of the Contracting States " and other similar expressions used in this Agreement mean individuals or bodies corporate having their fiscal domicile in one of the two States.

2. For the purposes of this Agreement, the territory of Belgium shall comprise the latter State's metropolitan territory alone.

Article 2

1. This Agreement lays down rules applicable to the following taxes :

A. IN THE CASE OF BELGIUM :

(1) the real property tax (*contribution foncière*);
(2) the movable capital tax (*taxe mobilière*);

[1] Came into force on 30 December 1953 by the exchange of the instruments of ratification at Brussels, in accordance with article 25. This Agreement is not applicable to the territories of the Belgian Congo and Ruanda-Urundi.

(3) the occupational tax (*taxe professionelle*);
(4) the national emergency tax (*contribution nationale de crise*);
(5) the special tax on income derived from the letting of shooting, fishing or trapping rights (*taxe spéciale sur le produit de la location du droit de chasse, de pêche ou de tenderie*); and
(6) the supplementary personal tax (*impôt complémentaire personnel*).

B. IN THE CASE OF SWEDEN :

(1) the State income tax (*den statliga inkomstskatten*);
(2) the dividends tax (*kupongskatten*);
(3) the tax on undistributed profits (*ersättningsskatten*);
(4) the tax on distributed profits (*utskiftningsskatten*);
(5) the State property tax (*den statliga förmögenhetsskatten*);
(6) the communal income tax (*den kommunala inkomstskatten*);
(7) the communal tax on immovable property (*den kommunal fastighetsskatten*);
(8) taxes on special advantages and privileges (*bevillningsavgifterna för särskilda förmaner och rättigheter*).

The taxes mentioned in this paragraph include not only the actual amounts of tax, but also all increases supplements, interests, charges and other additional sums payable to the State or to provinces and communes.

2. This Agreement shall also apply to all other similar taxes introduced after its signature in the territory of one of the Contracting States on income, property, items of income or property, or property increment.

If modifications of and rules laid down in this Agreement are found necessary, either in the event of an extension of the scope of the Agreement as provided in the foregoing paragraph or owing to changes not affecting such general principles of the taxation laws of either of the Contracting States as were taken into consideration in the preparation of this Agreement, the necessary adjustments shall be made by way of the exchange of diplomatic notes, in supplementary Agreements concluded in the spirit of this Agreement.

Article 3

1. For the purposes of this Agreement, the fiscal domicile of an individual is in the State in which he has his permanent home or in which he lastingly resides.

Where as a result of the application of this rule a person is regarded as having a fiscal domicile in both of the Contracting States simultaneously, his fiscal domicile shall be deemed to be situated in that of the two States with which he maintains the closest personal and economic relations, or, if the question cannot be settled by application of this criterion, in the Contracting State of

which he is a national. If he is a national of both Contracting States, or of either of them, the taxation authorities of the two States shall decide each particular case in consultation.

2. The fiscal domicile of persons employed on international means of transport who have no permanent home or lasting residence in either of the Contracting States is situated in that State in which the centre of actual management of the undertaking is situated.

3. The fiscal domicile of bodies corporate is in the State in which the centre of actual management is situated.

4. The fiscal domicile of an estate undivided is in the State in which the deceased had his fiscal domicile at the time of his decease.

Article 4

1. Income from immovable property and profits arising from the transfer of such property shall be taxable only in the State in which the property is situated.

The expression " income from immovable property " means not only income derived from direct management, use or operation of immovable property, including mines, mineral deposits and all other natural resources, but also income of any designation whatsoever, obtained by the letting (*location, affermage*) or concession in any other form of the right to use or exploit the said property or of hunting, fishing, trapping or other similar rights.

2. Where the income and profits referred to in paragraph 1 of this article are obtained in either of the Contracting States by an undertaking of the kind mentioned in article 5 operated by a taxpayer of the other Contracting State the taxable amount shall, on application made by the beneficiary before the assessment of tax, be determined as if the income or profits were derived from a permanent establishment of that undertaking in the first State. Notwithstanding this provision, the total income liable to the taxes enumerated in article 2, paragraph 1, A (1), (4) and (6) and B (7) of this Agreement may be determined by presumptive assessment in accordance with the laws of the State in which the property is situated.

Article 5

1. Provided that it does not fall within the categories of income mentioned in article 4, 7, 8, 9 and 11 of this Agreement, income from industrial, commercial, handicraft and other similar undertakings operated by taxpayers of one of the Contracting States shall be taxable in the other State only if the business is carried out through a permanent establishment situated in the latter State. In that case, any income produced by the permanent establishment, including profits derived from the disposal of the whole establishment or of certain of its assets, shall be taxable only in the latter State.

2. In the case mentioned in paragraph 1, income produced by the permanent establishment shall be understood to mean income from all the activities carried out by that establishment or affecting certain of its assets. Such income includes :

(1) All profits and advantages which would not normally have been granted to third parties and which are granted by the permanent establishment, directly or indirectly, in any form and by any means whatsoever, to the undertaking, to its managers, shareholders, partners or other participants or to persons having common interests with them;

(2) Royalties paid by the permanent establishment to the parent undertaking in return for the use of corporeal or incorporeal movable property, with the exception of the portion thereof corresponding to such normal costs as may actually be incurred by the undertaking and as are attributable to the establishment.

In the determination of such income, account shall be taken not only of costs actually and directly incurred in the acquisition and maintenance of the income, including the costs referred to in the concluding part of sub-paragraph (2) above, but also of the portion normally attributable to the permanent establishment of the ordinary costs incurred by the centre of actual management of the undertaking in connexion with the general administration and management of the undertaking as a whole. This portion may not however exceed 10 per cent of the total net income of the permanent establishment; in special cases and by way of exception it may be up to 20 per cent, subject to agreement between the taxation authorities of the two Contracting States.

3. Where the actual total income produced by a permanent establishment mentioned in paragraphs 1 and 2 cannot be determined by reference to regular accounts or other evidence, such income shall be assessed as being that portion of the income of the whole undertaking which may equitably be attributed to the establishment, in accordance with rules of apportionment to be formulated by common consent between the taxation authorities of the two Contracting States.

As respects a permanent establishment of an insurance undertaking, the tax may in all cases be assessed, in the State in which the establishment is situated, on an income determined presumptively in accordance with the laws of that State, on the basis of the gross premium received by the undertaking through the said establishment.

4. No part of the income accruing to an undertaking operated by a taxpayer in one of the Contracting States may be attributed to a permanent establishment of the undertaking in the other State by mere reason of the purchase of materials or products in the latter State for the account of the said undertaking. No outgoings or costs incurred directly or indirectly in connexion with such purchases alone may be charged against the income of the permanent establishment.

5. Notwithstanding the provisions of paragraph 1 of this article, profits and advantages which an undertaking operated by a taxpayer in one of the Contracting States derives, directly or indirectly, and in any form whatsoever, from an undertaking operated by a taxpayer in the other Contracting State, may be taxed in the latter State if they should normally have been added to the income of the second undertaking, and if they were acquired by the first undertaking because in the industrial, commercial or financial relations of the two undertakings it enjoyed more favourable conditions than those which would normally have prevailed between genuinely independent undertakings. In such cases, the taxation authorities of the two Contracting States shall agree on measures for the equitable avoidance of double taxation of the said profits and advantages.

Article 6

1. For the purposes of this Agreement, the expression " permanent establishment " shall mean any centre of actual management, factory, workshop, branch, store, office, laboratory, sales office or warehouse, or any other installation of a productive nature permanently used for the exercise of independent gainful activity.

2. A permanent agency also constitutes a permanent establishment, if the agent habitually exercises a general authority enabling him to bind the undertaking by the negotiation, signature or acceptance of contracts, or if the undertaking holds, on the territory of the State in which the agency is established, stocks or stores of materials or products regularly used for the filling of orders obtained by the agency.

Where an insurance undertaking operated by a taxpayer of one of the two States maintains an agency in the other State, such agency shall however constitute a permanent establishment in all cases where the agent, even if he has not the authority to bind the undertaking, does not exclusively perform purely administrative operations but carries on activity of such a nature and importance that the undertaking may be considered as carrying on, through such agent, habitual commercial activity in the other State.

3. The permanent establishment of a company other than a joint stock company, such as a Belgian limited liability partnership (*société de personnes à responsabilité limitée*), or of an unincorporated group of individuals or partnership, shall be regarded as likewise constituting a permanent establishment operated by each partner or member having unlimited responsibility or participating in the management or administration of the undertaking.

4. A taxpayer of one of the Contracting States shall not be regarded *ipso facto* as possessing a permanent establishment in the other State because he :

(1) maintains business relations in the former State through a *bona fide* broker or commission agent acting as such in the course of his normal business, or through a legally separate company (e. g. a subsidiary company);

(2) possesses in the former State, even if in the form of a permanent installation, an office whose business is limited to the purchase of materials or products for the account of the taxpayer.

Article 7

Income from the business of international sea or air navigation, including income from the sale of tickets, shall be taxable only in that State in whose territory the centre of actual management of the undertaking is situated.

Article 8

1. Income from movable capital where it is derived from securities claims, loans or deposits forming part of the capital actually invested in a permanent establishment situated in one of the Contracting States, and does not originate from sources in the other State, shall be taxable only in the former State. This rule shall apply in the same conditions to royalties obtained by such an establishment in return for the grant of the use of corporeal movable property.

2. Save as provided in paragraph 1 of this article, dividends or other income from shares, income paid to partners not covered by article 6, paragraph 3 in respect of shares in companies other than joint stock companies (including Belgian limited liability partnerships) and interest shall not be liable to any tax having the nature of a personal tax — such as the supplementary personal tax in Belgium and the State and communal income taxes in Sweden — except in that State in which the beneficiary of the income has his fiscal domicile.

This provision shall not affect the levying :

(1) in Belgium, of the national emergency tax and the movable capital tax on income of this kind originating from a source in Belgium and paid to taxpayers in Sweden.

(2) in Sweden, of the dividends tax and the tax on distributed profits on income of this kind originating from a source in Sweden and paid to taxpayers in Belgium.

However, except as provided in paragraph 1, and without prejudice to the application of paragraph 4 of this article, the total amount of the national emergency tax and the movable capital tax levied in Belgium on dividends and other income from shares and on certain categories of income from partner's shares in companies other than joint stock companies, and the Swedish tax on distributed profits, shall not exceed, as the case may be, the amount or rate which would follow respectively from the Swedish or Belgian taxation laws in force at the date of the signature of this Agreement. Moreover, the Swedish dividends tax shall not be levied at a rate exceeding 5 per cent.

If, after the signature of this Agreement, Sweden introduces a tax on interest levied at the source, the Governments of the two Contracting States

shall consult each other with a view to the avoidance of double taxation of such income, by means of a supplementary agreement to be concluded in accordance with the procedure laid down in article 2, paragraph 2, last sub-paragraph, of this Agreement.

3. For the purpose of paragraphs 1 and 2 of this article, the source of of dividends or other income from shares of income from partners'shares in companies other than joint stock companies, and of interest on debentures or other similar forms of indebtedness, is in the State in which the company or other body corporate liable for payment of the income has its fiscal domicile. The source of interest on other debts or deposits is in the State in which the permanent establishment which pays the interest is situated, or, where there is no such establishment, in the State of fiscal domicile of the taxpayer liable for payment of the interest.

4. Where a joint stock company having its fiscal domicile in one of the Contracting States has the effective and permanent ownership of shares or participations representing at least 90 per cent of the actual paid-up capital of a joint stock company having its fiscal domicile in the other State :

(1) if the former company has its fiscal domicile in Belgium, the Swedish dividends tax shall not be levied in respect of dividends paid by the latter company on the shares or participations belonging to the former company;

(2) if the former company has its fiscal domicile in Sweden, the total amount of Belgian tax leviable in respect of the income paid by the latter company on the shares or participations belonging to the former company shall be reduced to an amount equal to the additional occupational tax which would have been due under Belgian law if the income had not been distributed.

The application of this paragraph shall be subject to the condition that the company paying the dividends makes on application in that sense, in writing, before any allocation or payment of dividends, furnishing all necessary particulars, in addition to those contained in its general annual statement.

Where, by reason of substantial increase in the rate of the occupational tax, the additional occupational tax referred to in sub-paragraph (2) of this paragraph could no longer be less than the total amount of the capital tax and the national emergency tax payable on the same income under Belgian law, the Governments of the two Contracting States shall consult each other with a view to making the necessary amendments to this paragraph in accordance with the procedure laid down in article 2, paragraph 2, final sub-paragraph, of this Agreement. The same shall apply if an increase of not less than 5 units is made in the rate of the State income tax on company income in force in Sweden on the date of the signing of this Agreement.

5. Where a joint stock company having its fiscal domicile in one of the Contracting States has the effective and permanent ownership of shares or participations representing at least 50 per cent of the actual paid-up capital

of a joint stock company having its fiscal domicile in the other State, double taxation on dividends payable to it by the latter company shall be avoided as follows :

(1) if the former company has its fiscal domicile in Belgium, the rate of movable capital tax applicable to the said dividends in accordance with Belgian law shall be reduced by 5 units, except in the same referred to in paragraph 4 (1) of this article;

(2) if the former company has its fiscal domicile in Sweden, such dividends shall be exempt from taxation in Sweden to the extent to which such exemption would be granted under Swedish taxation laws if the two companies had their fiscal domicile in that State.

6. For the purposes of paragraphs 4 and 5 of this article, a company shall be considered as having the effective and permanent ownership of shares or participations in another company if such shares or participations have been uninterruptedly and in any form its sole and unconditional property for the entire financial year of such other company. If any shares or participations of the other company are the effective and permanent property of a third company which is a subsidiary of or controlled by the first company, the first company shall be considered as also having the effective and permanent ownership of a number of the said shares or participations corresponding proportionally to its effective and permanent participation in the capital of the said third company.

7. Where a joint stock company having its fiscal domicile in one of the two Contracting States derives profits or income from sources situated in the other State, such company may not be subjected in the latter State to any supplementary tax on undistributed profits on the ground of the non-distribution or insufficient distribution of its profits.

Article 9

1. Royalties and other proceeds from the concession by a taxpayer of one of the Contracting States to a taxpayer of the other State of the use of incorporeal movable property such as patents, designs, secret processes and formulae, trade-marks and similar rights and copyrights and rights of reproduction, shall be taxable only in that State in which the beneficiary has his fiscal domicile. However, if the beneficiary of such royalties or proceeds has a permanent establishment in the other State, the income shall be taxable only in that other State.

These provisions shall likewise apply to proceeds from the sale of incorporeal movable property of the kinds mentioned in the first sub-paragraph of this paragraph, and to proceeds and royalties received by way of payment for the simultaneous concession of the use or sale of such property and of corporeal movable property.

2. Notwithstanding the rules laid down in paragraph 1, royalties and proceeds of the kinds mentioned therein may be taxed in the State in whose territory the undertaking liable for their payment is situated, where and in so far as such proceeds or royalties exceed a reasonable consideration, having regard to normal commercial practice, in respect of the intrinsic value of the property referred to in the said paragraph and of the actual return on the use of such property.

Where an undertaking of the kind mentioned in the first sub-paragraph of this paragraph is in fact a subsidiary of or controlled by the undertaking which is the beneficiary of the income, or *vice versa*, or where the two undertakings are in fact subsidiaries of or controlled by a third undertaking or by undertakings which while legally separate are subsidiaries of the same group, a reasonable consideration shall be understood, in connexion with such royalties or proceeds, to mean the amount necessary to cover, continuously and until the expiry of the term of the concession, the portion cost, plus a fair profit, of the acquisition, improvement and maintenance of the property by the undertaking which is the beneficiary of the income.

Exemption from taxation of royalties or proceeds up to the amount of a reasonable consideration, as defined in this paragraph, may be made conditional upon the production either by the beneficiary of the income or by the taxation authorities of the State in which the fiscal domicile of the beneficiary is situated, of all the information necessary to enable such amount to be determined. In special cases, where there would be difficulty in producing exact information the taxation authorities of the two Contracting States shall consult each other with a view to avoiding, in an equitable manner, double taxation of the same income; to that end they may prescribe, by common consent, rules for the determination by presumptive methods of the amount of proceeds and royalties to be considered as a reasonable consideration.

Article 10

Remuneration paid to their directors, auditors, liquidators or other similar officers by joint stock companies having their fiscal domicile in one of the Contracting States shall be taxable only in that State. Where, however, normal remuneration is paid to such persons in consideration of permanent duties discharged in a permanent establishment in the other State and the cost is borne by such permanent establishment, the remuneration shall be taxable only in the other State.

Article 11

1. Income not covered by articles 5, 6, 7, 9 and 10 of this Agreement, from liberal professions and other independent gainful activities exercised by taxpayers of one of the Contracting States shall be taxable in the other State only where such persons possess a permanent establishment in the other State

for the exercise of their personal gainful activity. In this case, the income from the activity exercised in the latter State shall be taxable only in that State.

2. Notwithstanding all other provisions of this Agreement, income which a taxpayer of either of the Contracting States obtains in the other State by organizing or managing in that State any kind of public entertainment, amusement or game or by making a public appearance there in person as performer, actor, musician or professional athlete or in a similar capacity, shall be taxable only in the latter State, even if the taxpayer possesses no permanent establishment in that State.

Article 12

Wages, salaries, retirement pensions, widows' and orphans' pensions and other allowances or benefits having a cash value paid to the nationals of one of the two States by that State or one of its political subdivisions, either direct or through a fund created for the purpose, in consideration of present or past public services or employment, shall be taxable only in that State. Except as otherwise agreed between the taxation authorities of the two States, in special cases and subject to reciprocity, this provision shall not apply to income paid in consideration of present or past services on behalf of public bodies engaged in industrial or commercial activities or of legally independent establishments constituted or controlled by either State or a political subdivision thereof.

Article 13

1. Except in the cases referred to in articles 10 and 12 of this Agreement, income from services shall be taxable only in the State in which the services are performed.

For the purposes of this provision, persons employed on means of transport engaged in international sea or air traffic shall be regarded as exercising their activity in the State in which the centre of actual management of the undertaking is situated.

2. However, an individual having his fiscal domicile in one of the two States shall not be liable to taxation in the other State in respect of income from services performed therein — save in the cases referred to in article 11, paragraph 2 — if:

(1) he was present in that State during the year of assessment only for a period or periods not exceeding a total of 183 days, and

(2) his activity was exercised as the servant or agent of an individual or body corporate liable to taxation in the former State, and

(3) the remuneration was not paid as such from the proceeds of a gainful activity taxable in the other State.

3. Remuneration received by professors or teachers temporarily resident in one of the two States for the purpose of teaching for a period not exceeding two years at a university or other institute of higher education shall be taxable only in the other State, provided that the person concerned had his fiscal domicile in that State before the commencement of the said period.

4. Pensions other than those referred to in article 12 of this Agreement and annuities shall be taxable only in the State in which the beneficiaries have their fiscal domicile.

Article 14

Sums paid by individuals or bodies corporate liable to taxation in one of the Contracting States for the maintenance, education or training of students, apprentices or commercial trainees temporarily resident in the other State for the purpose of receiving full-time education or training shall not be taxable in the latter State.

Article 15

The State property tax referred to in article 2, paragraph 1 B (5), and any other similar tax to which the Agreement may be extended by virtue of article 2, paragraph 2, shall not apply :

(1) to immovable property of the kind referred to in article 4, except in the State in which such property is situated;

(2) to other items of property invested in permanent establishments or in undertakings of the kind referred to in article 7, except in the State in which the income derived from the activity carried on in such establishments or by such undertakings is taxable.

Article 16

Where under the provisions of this Agreement a taxpayer of one of the Contracting States is entitled to exemption or relief from taxation in the other State, such exception or relief shall not be applied to the undivided estates of deceased persons except in so far as the tax related to that part of the taxpayer's income or property which is attributable to beneficiaries who are taxpayers of the first State.

Article 17

Except as otherwise provided by the preceding articles of this Agreement, income, including profits from the disposal of property, and property, of whatsoever kind, shall be taxable only in that of the two States in which the fiscal domicile of the individual or body corporate in receipt of the income or having the ownership of the property is situated.

Article 18

1. Notwithstanding any other provisions of this Agreement, graduated taxes may be calculated in each State, in respect of taxpayers having their fiscal domicile in that State, on the basis of all the income or property taxable under the taxation laws of that State; in such cases, however, the tax so calculated shall be reduced by that part corresponding proportionately to the total amount of income or property taxable, under this Agreement, solely by the other State. This rule shall likewise apply to any exceptional and temporary tax, even if it is not a graduated tax, to which the Agreement may be extended by virtue of article 2, paragraph 2; but in such cases the above deduction in the State in which the taxpayer has his fiscal domicile may be limited so that the total amount deducted from the aggregate tax payable by the taxpayer in that State does not exceed the amount of tax due in the other State on income or property taxable, under this Agreement, solely by the latter State.

In Belgium, the supplementary personal tax payable by persons who are not resident in the Kingdom but who own a dwelling or operate any kind of establishment there may in addition, in accordance with Belgian law, be assessed on a minimum income equal to 5 times the rental value of the property owned by the taxpayer in that State.

2. Where a taxpayer permanently transfers his fiscal domicile from one State to the other, he shall cease to be liable in the first State to any taxes based on fiscal domicile from the date on which the transfer took place. Liability to such taxation shall begin on that date in the other State.

Article 19

1. The taxation authorities of the two Contracting States shall exchange all information in their possession or available to them which is necessary for carrying out the provisions of this Agreement or for the prevention of tax fraud or for the administration of the rules for the prevention of fiscal evasion in relation to the taxes which are the subject of this Agreement.

2. All information thus exchanged shall be treated as secret and may not be divulged, except by the taxpayer or his agent, to any persons other than those responsible for the assessment and collection of the taxes which are the subject of this Agreement or with claims and appeals relating to such taxes.

3. The provisions of this article shall not be construed as obliging the taxation authorities of either State to communicate information of a kind which cannot be obtained under the taxation laws of that or the other State, or information which in their opinion might, if communicated, disclose a manufacturing process or infringe an industrial, commercial or professional secret or prejudice the public interest. Similarly, these provisions may not be construed as obliging the taxation authorities of either State to perform acts not in accordance with the regulations or practices of that State.

Article 20

1. The Contracting States undertake to lend each other assistance and support in the collection of the taxes enumerated in article 2 of this Agreement, together with increases, supplements, interests, costs and fines of a non-penal nature.

2. On application by one of the two Contracting States, the other Contracting State shall collect in accordance with the laws and regulations applicable to the collection of its own taxes, revenue claims of the kinds referred to in paragraph 1 which are due for payment in the first State. Such claims shall receive no preference in the State applied to and that State shall not be required to enforce executory measures which are not authorized by the laws or regulations of the applicant State.

3. Applications in pursuance of paragraph 2 shall be accompanied by documents establishing that the taxes mentioned in the application are due for payment in the applicant State under the latter's laws.

4. If an application of the kind referred to in paragraphs 2 and 3 of this article relates to a national or a body corporate of the State applied to the latter shall be required to collect only :

(1) taxes from which the national or body corporate has been wrongly exempted by reason of the existence of the Agreement;

(2) taxes payable in the applicant State by such a national in respect of a period during which he was resident in that State.

Article 21

1. The taxation authorities of the two Contracting States may by common consent make such regulations as may be necessary for carrying out the provisions of this Agreement.

2. Where difficulties or doubts arise in connexion with the application of any of the provisions of this Agreement, the taxation authorities of the two Contracting States shall consult with each other with a view to interpreting the said provisions in the spirit of the Agreement. They may, by common consent, apply the rules laid down in this Agreement to individuals or bodies corporate having their fiscal domicile in a third State but possessing in one of the two Contracting States a permanent establishment which derives part of its income from the other Contracting State, or owning certain property situated in that other State.

3. Where a taxpayer of one of the Contracting States shows proof that taxes assessed or proposed to be assessed against him have resulted or will result in double taxation prohibited by the Agreement, he may, without prejudice to the exercise of his rights of complaint and appeal in either State, submit to

the taxation authorities of the State in which he has his fiscal domicile a written application, with a statement of reasons, for the review of the said taxes. Such application must be lodged within two years from the date of notification or collection at source of the second tax. If the application is upheld by the taxation authorities to which it is submitted, the latter shall consult with the taxation authorities of the other State with a view to the avoidance of the double taxation.

Article 22

1. The provisions of this Agreement shall not restrict any rights or advantages accorded by the laws of either of the Contracting States to taxpayers in respect of the taxes enumerated in article 2 of this Agreement.

2. Individuals who have their fiscal domicile in one of the two States and are liable to taxation in the other State shall enjoy, in the assessment of the taxes enumerated in article 2 of this Agreement, such exemptions, basic rebates, deductions, reductions or other advantages as are granted in respect of family dependents to individuals who are nationals of the other State but who do not have their fiscal domicile there.

Except in the case of commercial representatives and travellers, this provision shall not affect the collection, in accordance with the respective taxation laws of each of the two States, of the taxes on special advantages and privileges payable in Sweden or of the minimum occupational tax payable in Belgium by certain taxpayers.

3. In the assessment of the taxes enumerated in article 2 of this Agreement, nationals and bodies corporate of one of the Contracting States shall not be liable in the other State, in respect of income and capital attributable to their permanent establishments in that State, to any taxation higher than that applicable in the same circumstances to nationals and similar bodies corporate of the latter State.

For the purposes of this provision, Belgian joint stock companies having a permanent establishment in Sweden shall not be liable in that State to the property tax so long as no similar tax is levied in Sweden on Swedish joint stock companies and so long as Swedish joint stock companies having a permanent establishment in Belgium are not subjected, in respect of the profits of such establishment, to any taxation higher than that which would be chargeable to the like profits if they were obtained and placed to reserve by a similar Belgian company.

Article 23

In this Agreement the term " taxation authorities " means, in the case of Belgium, the Minister of Finance or his authorized representative and, in the case of Sweden, the Minister of Finance or his authorized representative.

Article 24

The Convention of 31 May 1929[1] between Belgium and Sweden for prevention of double taxation on income derived from the business of shipping in the two countries shall be without effect so long as the provisions of this Agreement are in force.

Article 25

1. This Agreement shall be ratified, in the case of Belgium, by His Majesty the King of the Belgians, and in the case of Sweden, by His Majesty the King of Sweden, subject to the consent of the Riksdag. The instruments of ratification shall be exchanged as soon as possible at Brussels.

2. The Agreement shall become effective as soon as the instruments of ratification are exchanged and shall apply :

(1) to taxes, collected by deduction at source and payable under a final assessment on income credited to the beneficiaries on or after 1 January 1953 and not due for payment before that date; however, article 8, paragraph 4 of this Agreement shall apply only to dividends or other income from shares derived from commercial profits arising during any chargeable periods ending after the date of entry into force of this Agreement;

(2) to other taxes assessed on income of chargeable periods ending after 29 February 1952, provided that no reimbursement of taxes collected by deduction at source shall result;

(3) to Swedish property tax and communal tax on immovable property charged during the year of assessment 1953 or any subsequent year of assessment.

Article 26

This Agreement shall continue in effect indefinitely; but either of the Contracting States may, on or before 30 June in any calendar year not earlier than the fifth year following the date of ratification, give written notice of termination, through diplomatic channels, to the other Contracting State. If notice of termination is given before 30 June in any such year, the Agreement shall apply for the last time :

(1) to taxes, collected by deduction at source and payable under a final assessment, on income normally credited to the beneficiaries not later than 31 December of that year;

(2) to other taxes assessed on income of chargeable periods normally ending not later than the last day of February of the year next following that in which the notice is given;

[1] League of Nations, *Treaty Series*, Vol. CXI, p. 37.

(3) to Swedish property tax and communal tax on immovable property charged during the year of assessment next following that in which the notice is given.

IN WITNESS WHEREOF the above-mentioned plenipotentiaries have signed this Agreement and have affixed thereto their seals.

DONE at Stockholm in duplicate in the French and Swedish languages, both texts being equally authentic, on 1 April 1953.

J. DE LALAING

[SEAL]

Dag HAMMARSKJÖLD

[SEAL]