

No. 3521

**FINLAND
and
DENMARK**

Agreement for the avoidance of double taxation with respect to death duties. Signed at Copenhagen, on 18 July 1955

Official texts: Finnish and Danish.

Registered by Finland on 19 September 1956.

**FINLANDE
et
DANEMARK**

Convention tendant à éviter la double imposition en matière de droits de succession. Signée à Copenhague, le 18 juillet 1955

Textes officiels finnois et danois.

Enregistrée par la Finlande le 19 septembre 1956.

[TRANSLATION — TRADUCTION]

No. 3521. AGREEMENT¹ BETWEEN THE REPUBLIC OF FINLAND AND THE KINGDOM OF DENMARK FOR THE AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO DEATH DUTIES. SIGNED AT COPENHAGEN, ON 18 JULY 1955

The Republic of Finland and the Kingdom of Denmark have agreed to conclude an Agreement for the avoidance of double taxation with respect to death duties.

For this purpose they have appointed as their plenipotentiaries :

The President of the Republic of Finland :

Mr. Åke Ossian Gunnar Backström, Secretary of Embassy, Acting Chargé d'Affaires of the Republic at Copenhagen ; and

His Majesty the King of Denmark :

Mr. Hans Christian Svane Hansen, His Prime Minister and Minister of Foreign Affairs ;

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

Article 1

This Agreement applies to death duties levied on the estates of Finnish and Danish nationals.

This Agreement shall not, in respect of Denmark, apply to the Faroe Islands or Greenland.

Article 2

The following shall at present be regarded as death duties :

In the case of Denmark : the duty on inherited and similar property (succession duty).

In the case of Finland : the succession duty and the communal duty, to the extent that it relates to inheritances and bequests, and the poor relief contribution.

¹ Came into force on 20 June 1956 by the exchange of the instruments of ratification at Helsinki, in accordance with article 10.

The Agreement shall also apply to all other estate duties imposed *mortis causa* in Finland or Denmark after the signing of this Agreement, whether levied on the whole estate or on the share accruing to each heir or legatee.

Article 3

Immovable property, including mines and other natural resources, shall be liable to duty only in the State in which the property is situated.

Immovable property shall not be deemed to include livestock or equipment, or rights of usufruct in immovable property or rights to produce or other return from such property.

Rights to royalties paid for the use of immovable property shall be liable to duty in the State in which the immovable property is situated.

Article 4

Property to which article 3 does not apply shall be liable to duty only in the State in which the deceased was domiciled at the time of his death.

For the purposes of this Agreement, a deceased person shall be deemed to have been domiciled in one of the States if he had his permanent residence and home there. If any doubt arises as to the State in which the deceased person shall be deemed to have been domiciled as aforesaid, or if such person can be deemed to have been domiciled in both States, the question of domicile shall be settled by special agreement between the chief taxation authorities of the two States. In this connexion, they shall have regard to the question with which State the deceased at the time of his death had the stronger personal and economic ties, or, if this also cannot be determined, to the deceased's nationality.

If the deceased person had no permanent residence or home in either State, he shall be deemed to have been domiciled in the State of which he was a national. If he was a national of both States, the question where he shall be deemed to have been domiciled shall be settled by special agreement between the chief taxation authorities.

Article 5

Debts encumbering or secured by a deceased person's estate to which article 3 applies shall be deducted by the State entitled to levy duty on the estate from that estate or from other assets on which it is entitled to levy duty. Debts other than those aforesaid shall be deducted from assets liable to duty in the State in which the deceased person was domiciled at the time of his death.

Where the debts deductible by one of the States under the provisions of the first paragraph exceed the value of all the assets on which the said State is entitled to levy duty, the amount of debt in excess shall be deducted from assets liable to duty in the other State.

In the case of trust estates, however, only debts encumbering or secured by the estate in question shall be deducted.

Article 6

Where the right to levy duty on the estate of the deceased person is shared by both States, the following provisions shall apply in respect of the right to charge duty in the State in which such person was domiciled at the time of his death :

The duty charged shall not exceed the difference between the amount of duty that would have been chargeable if the entire estate of the deceased had been liable to duty in the said State and the amount of duty that would have been chargeable if the said State had charged duty only on the portion of the deceased's estate liable to duty in the other State.

Article 7

This Agreement shall not affect any right to tax exemption which has been, or may hereafter be, granted to diplomatic or consular officials in virtue of the general rules of international law.

Where, owing to such tax exemption, death duties are not levied in the State to which such officials are accredited, the right of taxation shall be reserved to the sending State.

Article 8

Where it can be shown that measures taken by the taxation authorities of the two States result in taxation contrary to the principles of this Agreement, the person affected by double taxation shall be entitled to lodge a claim with the State in which, by application of the provisions of article 4, he is deemed to be domiciled or in which the deceased shall be deemed under this Agreement to have been domiciled at the time of his death. If the claim is upheld, the said State shall take the action necessary to eliminate such double taxation.

A claim as aforesaid shall ordinarily be lodged within two years from the end of the calendar year in which the double taxation came to the notice of the person liable to duty.

Article 9

The chief taxation authorities of the two States may make special arrangements for carrying out the provisions of this Agreement and for the avoidance of double

taxation in respect of the duties specified in article 2 in cases which are not regulated by this Agreement or which may arise from the application thereof, and in cases where difficulties or doubts arise with respect to the interpretation and application of the Agreement.

Article 10

This Agreement, done in duplicate in the Finnish and Danish languages, both texts being equally authentic, shall be ratified and the instruments of ratification shall be exchanged at Helsinki as soon as possible.

The Agreement shall come into force on the day on which the instruments of ratification are exchanged and shall apply in respect of the estate of any person dying testate or intestate on or after the said day.

Article 11

The Agreement shall continue in force unless notice of termination is given by one of the Contracting States. Such notice of termination shall be given at least six months before the end of the calendar year. Where notice is given in due time, the Agreement shall cease to be effective at the end of the calendar year, but shall continue to apply in respect of the estates of persons dying testate or intestate before the end of the year.

IN WITNESS WHEREOF the Plenipotentiaries of the two States have signed this Agreement and have thereto affixed their seals.

DONE at Copenhagen on 18 July 1955.

ÅKE BACKSTRÖM
H. C. HANSEN