

**No. 5099**

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**NORWAY  
and  
INDIA**

**Agreement (with exchange of letters) for the avoidance of  
double taxation of income. Signed at New Delhi, on  
20 July 1959**

*Official text: English.*

*Registered by Norway on 22 April 1960.*

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**NORVÈGE  
et  
INDE**

**Convention (avec échange de lettres) tendant à éviter la  
double imposition en matière d'impôts sur le revenu.  
Signée à New Delhi, le 20 juillet 1959**

*Texte officiel anglais.*

*Enregistrée par la Norvège le 22 avril 1960.*

No. 5099. AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF NORWAY AND THE GOVERNMENT OF INDIA FOR THE AVOIDANCE OF DOUBLE TAXATION OF INCOME. SIGNED AT NEW DELHI, ON 20 JULY 1959

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Whereas the Government of Norway and the Government of India desire to conclude an Agreement for the Avoidance of double taxation of income :

Now, therefore, it is hereby agreed as follows :

*Article I*

(1) The taxes which are the subject of the present Agreement are :

(a) in India :

the Income tax,  
the super tax,  
the surcharge,

imposed under the Indian Income-tax Act, 1922 (11 of 1922) (hereinafter referred to as " Indian Tax " ) :

(b) in Norway :

National Income-tax,  
The Communal Income-tax,  
The Old Age Pensions Tax,  
War Pensions Tax,  
Seamen's Tax.

(2) The present Agreement shall also apply to any other taxes of a substantially similar character imposed in India or Norway subsequent to the date of signature of the present Agreement.

*Article II*

(1) In the present Agreement, unless the context otherwise requires :

(a) The term " Norway " means the Kingdom of Norway excluding Svalbard (Spitzbergen), Jan Mayen and the Norwegian dependencies outside Europe;

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<sup>1</sup> Came into force on 23 March 1960, the date of the exchange of the instruments of ratification at Oslo, in accordance with article XX.

(b) The terms “one of the territories” and “the other territory” mean Norway or India as the context requires;

(c) the term “person” includes natural persons, companies and all other entities which are treated as taxable units under the tax laws in force in the respective territories;

(d) the term “company” means any entity which is treated as a body corporate or as a company for tax purposes;

(e) the term “tax” means the Norwegian tax or Indian tax, as the context requires;

(f) the terms “resident of Norway” and “resident of India” mean, respectively, a person who is resident in Norway for the purposes of Norwegian tax and not resident in India for the purposes of Indian tax, and a person who is resident in India for the purposes of Indian tax, and not resident in Norway for the purposes of Norwegian tax. A company shall be regarded as resident in Norway if it is incorporated in Norway or its business is wholly managed and controlled in Norway; a company shall be regarded as resident in India if it is incorporated in India or its business is wholly managed and controlled in India;

(g) the terms “Norwegian enterprise” and “Indian enterprise” mean, respectively, an industrial or commercial enterprise or undertaking carried on by a resident of Norway and an industrial or commercial enterprise or undertaking carried on by a resident of India; and the terms “enterprise of one of the territories” and “enterprise of the other territory” mean a Norwegian enterprise, or an Indian enterprise, as the context requires;

(h) the term “permanent establishment” means a fixed place of business in which the business of the enterprise is wholly or partly carried on;

(aa) The term “fixed place of business” shall include a place of management, a branch, an office, a factory, a workshop, a warehouse, a mine, quarry or other place of extraction of natural resources.

(bb) An enterprise of one of the territories shall be deemed to have a fixed place of business in the other territory if it carries on in that other territory a construction, installation or assembly project or the like.

(cc) The use of mere storage facilities or the maintenance of a place of business exclusively for the purchase of goods or merchandise and not for any processing of such goods or merchandise in the territory of purchase, shall not constitute a permanent establishment.

(dd) A person acting in one of the territories for or on behalf of an enterprise of the other territory shall be deemed to be a permanent establishment of that enterprise in the first-mentioned territory, but only if

1. he has and habitually exercises in the first-mentioned territory a general authority to negotiate and enter into contracts for or on behalf of the

enterprise, unless the activities of the person are limited exclusively to the purchase of goods or merchandise for the enterprise, or

2. he habitually maintains in the first-mentioned territory a stock of goods or merchandise belonging to the enterprise from which the person regularly delivers goods or merchandise for or on behalf of the enterprise, or

3. he habitually secures orders in the first-mentioned territory wholly or almost wholly for the enterprise itself or for the enterprise and other enterprises which are controlled by it or have a controlling interest in it.

(*ee*) A broker of a genuinely independent status who merely acts as an intermediary between an enterprise of one of the territories and a prospective customer in the other territory shall not be deemed to be a permanent establishment of the enterprise in the last-mentioned territory.

(*ff*) The fact that a company, which is a resident of one of the territories, has a subsidiary company which either is a resident of the other territory or carries on a trade or business in that other territory (whether through a permanent establishment or otherwise) shall not, of itself constitute that subsidiary company a permanent establishment of its parent company.

(*i*) The term "pension" means a periodic payment made in consideration of services rendered or by way of compensation for injuries received;

(*j*) the term "annuity" means a stated sum payable periodically at stated times during life or during a specified or ascertainable period of time under an obligation to make the payments in return for adequate and full consideration in money or money's worth;

(*k*) the term "competent authority" means in the case of India, The Central Government in the Ministry of Finance, Department of Revenue, or its authorised representative and in the case of Norway, the Ministry of Finance and Customs or its authorised representative.

(2) In the application of the provisions of this Agreement in one of the territories any term not otherwise defined in this Agreement shall, unless the context otherwise requires, have the meaning which it has under the laws in force in that territory relating to the taxes which are the subject of this Agreement.

### Article III

(1) Subject to the provisions of paragraph (3) below, tax shall not be levied in one of the territories on the industrial or commercial profits of an enterprise of the other territory unless profits are derived in the first-mentioned territory through a permanent establishment of the said enterprise situated in the first-mentioned territory. If profits are so derived, tax may be levied in the first-mentioned territory on the profits attributable to the said permanent establishment.

(2) There shall be attributed to the permanent establishment of an enterprise of one of the territories situated in the other territory the industrial or commercial profits which it might be expected to derive in that other territory if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing at arm's length with the enterprise of which it is a permanent establishment. In any case, where the correct amount of profits attributable to a permanent establishment is incapable of determination, or the ascertainment thereof presents exceptional difficulties, the profits attributable to the establishment may be estimated on a reasonable basis.

(3) For the purpose of this Agreement the term " industrial or commercial profits " shall not include income in the form of rents, royalties, interest, dividends, management charges, remuneration for labour or personal services or income from the operation of ships or aircraft.

#### *Article IV*

Where—

- (a) an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or
- (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the territories and an enterprise of the other territory, and

in either case conditions are made or imposed between the two enterprises, in their commercial or financial relations, which differ from those which would be made between independent enterprises, then any profits which but for those conditions would have accrued to one of the enterprises but by reason of those conditions have not so accrued may be included in the profits of that enterprise and taxed accordingly.

#### *Article V*

(1) Income derived from the operation of aircraft by an enterprise of one of the territories shall not be taxed in the other territory, unless the aircraft is operated wholly or mainly between places within that other territory.

(2) Paragraph (1) shall likewise apply in respect of participations in pools of any kind by enterprises engaged in air transport.

#### *Article VI*

(1) When a resident of Norway, operating ships, derives profits from India through such operations carried on in India, such profits shall be subject to tax in

Norway as well as in India; but the tax so charged in India shall be reduced by an amount equal to 50% of the tax so charged, and the reduced amount of India tax payable on the profits shall be allowed as a credit against Norwegian tax charged on income accrued to or received by the resident of Norway during the year in which such reduced Indian tax was paid.

(2) When a resident of India, operating ships, derives profits from Norway through such operations carried on in Norway, such profits shall be subject to tax in India as well as in Norway; but the tax so charged in Norway shall be reduced by an amount equal to 50% of the tax so charged and the reduced amount of Norwegian tax payable on the profits shall be allowed as a credit against Indian tax charge in respect of such income.

(3) Paragraphs (1) and (2) shall not apply to profits arising as a result of coastal traffic.

#### *Article VII*

Royalties derived by a resident of one of the territories from sources in the other territory may be taxed only in that other territory.

In this Article, the term "Royalty" means any royalty or other like amount received as consideration for the right to use copyrights, artistic or scientific works, cinematographic films, patents, models, designs, plans, secret processes or formulae, trade-marks and other like property or rights, but does not include any royalty or other like amount in respect of the operation of mines, quarries or other natural resources.

#### *Article VIII*

Dividends paid by a company which is a resident of one of the territories to a resident of the other territory may be taxed only in the first-mentioned territory.

#### *Article IX*

Interest on bonds, securities, notes, debentures or any other form of indebtedness, derived by a resident of one of the territories from sources in the other territory may be taxed only in that other territory.

#### *Article X*

Income from immovable property may be taxed only in the territory in which the property is situated. For this purpose any rent or royalty or other income derived from the operation of a mine, quarry or any other extraction of natural resources shall be regarded as income from immovable property.

*Article XI*

Capital gains derived from the sale, exchange or transfer of a capital asset, whether movable or immovable, may be taxed only in the territory in which the capital asset is situated at the time of such sale, exchange or transfer.

*Article XII*

(1) Remuneration other than pensions and annuities, paid in Norway for services rendered therein out of public funds of India shall not be taxed in Norway unless the payment is made to a citizen of Norway.

(2) Remuneration other than pensions and annuities, paid in India for services rendered therein, out of public funds of Norway shall not be taxed in India unless the payment is made to a citizen of India.

(3) The provisions of paragraphs (1) and (2) of this Article shall not apply to payments in respect of services in connection with any trade or business carried on by either of the Contracting Parties or political sub-divisions thereof for purposes of profit.

(4) The provisions of paragraphs (1) and (2) of this Article shall also apply to remuneration other than pensions and annuities, paid by the Reserve Bank of India, the Public Railways Authorities and the Postal Administration of India and by the Bank of Norway (Norges Bank), Norwegian State Railways (Norges Statsbaner) and the Norwegian Postal and Telegraphic Administration (Post- og telegrafverket).

*Article XIII*

Any pension or annuity derived by a resident of one of the territories from sources in the other territory may be taxed only in that other territory.

*Article XIV*

(1) Profits or remuneration for professional services or for services as an employee (including services as a director) performed in one of the territories by an individual who is a resident of the other territory may be taxed only in the territory in which such services are performed.

(2) An individual who is a resident of India shall not be taxed in Norway on profits or remuneration referred to in paragraph (1), if

(a) he is temporarily present in Norway for a period or periods not exceeding in the aggregate 183 days during the relevant taxable year,

- (b) the services are performed for or on behalf of a resident of India,
- (c) the profits or remuneration are subject to Indian tax, and
- (d) the profits or remuneration are not deducted in computing the profits of an enterprise chargeable to Norwegian tax.

(3) An individual who is a resident of Norway shall not be taxed in India on the profits or remuneration referred to in paragraph (1) if

- (a) he is temporarily present in India for a period or periods not exceeding in the aggregate 183 days during the relevant "previous year".
- (b) the services are rendered for or on behalf of a resident of Norway.
- (c) the profits or remuneration are subject to Norwegian tax, and
- (d) the profits or remuneration are not deducted in computing the profits of an enterprise chargeable to Indian tax.

(4) Where an individual permanently or predominantly performs services on ships or aircraft in international traffic operated by an enterprise of one of the territories profits or remuneration from such services may be taxed only by the country of which the individual is resident.

#### *Article XV*

A professor or teacher from one of the territories, who receives remuneration for teaching during a period of temporary residence not exceeding two years, at a University, College, School or other educational institution in the other territory, shall not be taxed in that other territory in respect of that remuneration.

#### *Article XVI*

An individual from one of the territories who is temporarily present in the other territory solely

- (a) as a student at a university, college or school in such other territory,
- (b) as a business apprentice, or
- (c) as the recipient of a grant, allowance or award for the primary purpose of study or research from a religious, charitable, scientific or educational organisation

shall not be taxed in the other territory in respect of remittances from abroad for the purposes of his maintenance, education or training, in respect of a scholarship, and in respect of any amount representing remuneration for services rendered in that other territory, provided that such services are in connection with his studies or training or are necessary for the purpose of his maintenance.



*Article XVII*

(1) The laws in force in either of the territories will continue to govern the assessment and taxation of income in the respective territories except where express provision to the contrary is made in this agreement.

(2) Subject to the provision of Article VI income from sources within Norway which under the laws of Norway and in accordance with this Agreement is subject to tax in Norway either directly or by deduction shall not be subject to Indian tax.

(3) Subject to the provision of Article VI income from sources within India which under the laws of India and in accordance with this Agreement is subject to tax in India either directly or by deduction shall not be subject to Norwegian tax.

(4) The graduated rate of Norwegian tax to be imposed on residents of Norway and the graduated rate of Indian tax to be imposed on residents of India may be calculated as though income which under this Agreement is not subjected to Norwegian or Indian tax, as the case may be, were included in the amount of the total income.

*Article XVIII*

The competent authorities shall exchange such information (being information which is at their disposal under their respective taxation laws in the normal course of administration) as is necessary for carrying out the provisions of the present Agreement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than those concerned with the assessment and collection of the taxes which are the subject of the present Agreement. No information as aforesaid shall be exchanged by the competent authority of one of the territories which would disclose any trade, business, industrial or professional secret or any trade process to the authority of the other territory.

*Article XIX*

Where a resident of one of the territories shows proof that the action of the taxation authorities of the other territory has resulted or will result in double taxation contrary to the provisions of the present Agreement, he shall be entitled to present his case to the competent authority of the territory of which he is a resident. Should his claim be deemed worthy of consideration, the competent authority to which the claim is made shall endeavour to come to an agreement with the competent authority of the other territory with a view to avoiding double taxation.

*Article XX*

(1) The present Agreement shall be ratified and the instruments of ratification shall be exchanged at Oslo as soon as possible.

(2) Upon exchange of the instruments of ratification, the present Agreement shall have effect :

- (a) in India, for any year of assessment, beginning on or after the 1st April 1959,
- (b) in Norway, for any taxable year, beginning on or after the 1st January 1958.

### *Article XXI*

This Agreement shall continue in effect indefinitely but either of the Contracting Parties may on or before the 30th day of June in any calendar year after 1960 give to the other Contracting Party notice of termination, and in such event this Agreement shall cease to be effective

- (a) in India, for any year of assessment beginning on or after the 1st April in the second calendar year following such written notice of termination,
- (b) in Norway, for any taxable year beginning on or after the 1st January next following such written notice of termination.

IN WITNESS WHEREOF the undersigned duly authorised thereto have signed this Agreement and have affixed thereto their seals.

DONE in duplicate at New Delhi on the 20th July 1959 in the English language.

Hans OLAV

Ambassador of Norway in India

Dr. B. GOPALA REDDI

Minister for Revenue & Civil Expenditure,  
Government of India

### EXCHANGE OF LETTERS

#### I

New Delhi, 20th July, 1959

Dear Sir,

The Agreement between the Government of India and the Government of Norway for the Avoidance of Double Taxation of Income being signed today,<sup>1</sup> I have the honour, on behalf of the Government of India, to inform you that the

<sup>1</sup> See p. 258 of this volume.

two Contracting Parties have agreed that the provisions of Article VI of the said Agreement will not affect the application of the provisions of Sections 44A and 44B of the Indian Income-tax Act 1922, relating to the assessment of profits from occasional shipping and tramp steamers, provided that when an adjustment is to be made under Section 44C of the Indian Income-tax Act, 1922, in the case of occasional shipping or tramp steamers, the provisions of Article VI of the Agreement will apply.

I should be grateful if you confirm your agreement to the above understanding of the provisions of Article VI of the said Agreement, and that in such case, this note and your reply thereto shall be deemed to be part of the Agreement.

Please accept, Mr. Ambassador, the assurance of my highest consideration.

Dr. B. GOPALA REDDI

To His Excellency Mr. Hans Olav  
Ambassador of Norway  
New Delhi

II

New Delhi, 20th July, 1959

Mr. Minister,

With reference to the Agreement signed today between the Government of Norway and the Government of India for the Avoidance of Double Taxation of Income, You, on behalf of the Government of India, informed me of the following :

[See letter I]

2. I have the honour to confirm that this proposal meets with the approval of the Government of Norway. Your Note of today's date and my reply thereto shall, therefore, be part of the Agreement.

3. Please accept, Mr. Minister, the assurance of my highest consideration.

Hans OLAV

To Dr. B. Gopala Reddi  
Minister for Revenue & Civil Expenditure  
Government of India  
New Delhi