

No. 7036

**ISRAEL
and
SWEDEN**

**Agreement for the avoidance of double taxation with respect
to death duties. Signed at Stockholm, on 15 May 1962**

Official text: English.

Registered by Israel on 2 January 1964.

**ISRAËL
et
SUÈDE**

**Convention tendant à éviter la double imposition en ma-
tière d'impôts sur les successions. Signée à Stockholm,
le 15 mai 1962**

Texte officiel anglais.

Enregistrée par Israël le 2 janvier 1964.

No. 7036. AGREEMENT¹ BETWEEN ISRAEL AND SWEDEN
FOR THE AVOIDANCE OF DOUBLE TAXATION WITH
RESPECT TO DEATH DUTIES. SIGNED AT
STOCKHOLM, ON 15 MAY 1962

The Government of Israel and the Government of the Kingdom of Sweden, desiring to conclude an agreement for the avoidance of double taxation with respect to death duties, have agreed as follows :

Article I

(1) This agreement refers to death duties applicable to the estates of persons who at the time of their death were residents of Israel or of Sweden.

(2) For the purposes of this agreement a deceased person shall be deemed to have been resident in Sweden if at the time of his death he was resident in Sweden in terms of the laws of that territory and to have been resident in Israel if at the time of his death he was resident in Israel in terms of the laws of that territory.

Article II

(1) The duties which are the subject of this agreement are :

- (a) In Israel the estate duty; and
- (b) In Sweden the succession duty.

(2) This agreement shall also apply to any other duties of a substantially similar character imposed in Israel or in Sweden subsequent to the date of signature of this agreement.

Article III

(1) In this agreement, unless the context otherwise requires :

(a) “ competent authority ” means, in the case of Israel, the Minister of Finance or his authorised representative and, in the case of Sweden, the Minister of Finance or his authorised representative;

(b) “ territory ” means Israel or Sweden as the case may be.

¹ Came into force on 7 February 1963, the date of the exchange of the instruments of ratification at Stockholm, in accordance with article XVI.

(2) In the application of the provisions of this agreement by one of the Contracting States, any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the duties which are the subject of this agreement.

Article IV

(1) Immovable property situated in one of the territories shall be subject to duty only in that territory.

(2) Immovable property shall include accessories thereto as well as usufructs over and other like interests in immovable property.

(3) Rights to royalties for the use of immovable property, or for the operation of a mine or other place of natural resources, shall be subject to duty only in the territory in which such immovable property, mine or place is situated.

Article V

(1) Assets employed in a business or liberal profession or in any agricultural or forestry enterprise and attributable to a permanent establishment in one of the territories shall be subject to duty only in that territory.

(2) As a permanent establishment shall be regarded a place at which there are special installations or at which special arrangements have been made for the permanent use of such place for business, professional, agricultural or forestry purposes, such as a place where the undertaking has its management, an office, a branch, a factory, a workshop, a farm, a forest or a mine or other place of natural resources.

Article VI

Shares in a joint stock company incorporated under the laws of one of the territories shall be subject to duty only in the territory in which the company is incorporated.

Article VII

(1) Assets not dealt with in Articles IV, V and VI shall be subject to duty only in the territory in which the deceased person was resident at the time of his death.

(2) If any doubt arises as to the territory in which a deceased person shall be deemed to have been resident, or if such person is deemed to have been resident in both territories, the question of residence shall be settled by arrangement between the competent authorities. In this respect they shall take into considera-

tion in which territory the deceased's personal and economic interests may be considered to have been centred, or, if this cannot be decided, his nationality.

Article VIII

(1) Where debts encumber a deceased person's assets to which Article IV, V or VI refers, or are secured by such assets, the territory having the right to levy duty on the said assets shall deduct such debts from those assets or from other assets on which the said territory has the right to levy duty. Debts other than those aforesaid shall be deducted from assets subject to duty in the territory in which the deceased person was resident at the time of his death.

(2) Where debts which under the provisions of the preceding paragraph are to be deducted by one of the territories exceed the value of all the assets on which the said territory has the right to levy duty, the excess shall be deducted from assets subject to duty in the other territory.

(3) In the case of entailed property (perpetual *fidei-commissum*), however, only debts which encumber or are secured by such property shall be deducted.

Article IX

Institutions and organisations established in one of the territories for mainly religious, educational, cultural, charitable, social welfare or other like purposes for public benefit shall not in the other territory be subject to other or more burdensome duties than are subjected institutions and organisations established in that other territory for the same or similar purposes. The same shall apply to the Contracting States as such with respect to property bequeathed in so far as it is shown proof that the property is to be devoted to the said purposes.

Article X

If the estate of a deceased person is subject to duty partly in one of the territories and partly in the other territory, each territory may take as the basis for the calculation of its rate of duty the value of the whole of such estate in so far as it would but for this agreement be taxable under the laws of that Contracting State.

Article XI

This agreement shall not affect any right to exemption from duty which has been, or may hereafter be, conferred on diplomatic or consular officers by virtue of the general rules of international law. Where, owing to such exemption,

assets are not subject to duty in the territory to which such officers are accredited, the territory accrediting them shall have the right to levy duty on those assets.

Article XII

The provisions of this agreement shall in no case be construed as increasing the burden of taxation in either of the two territories.

Article XIII

(1) If it can be shown that action taken by the revenue authorities of the two territories results in taxation contrary to the principles of this agreement, any person aggrieved by such taxation shall be entitled to lodge a claim with the competent authority of the territory in which the deceased person is deemed under this agreement to have been resident at the time of his death. If the claim is upheld, the competent authority of the last-mentioned territory shall take the necessary action to eliminate the taxation in question.

(2) Any refund based on the provisions of this agreement shall be made without payment of interest on the amount refunded.

Article XIV

The competent authorities shall upon request exchange such information (being information available under the respective taxation laws of the territories) as is necessary for carrying out the provisions of this agreement or for the administration of statutory provisions in relation to the duties which are the subject of this agreement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than those (including courts) concerned with the determination and collection of the duties which are the subject of this agreement. No information shall be exchanged which would disclose any trade secret or trade process.

Article XV

(1) The competent authorities may, by common agreement, prescribe rules concerning matters of procedure, forms of application and replies thereto and any other matter which may be necessary for the application of this agreement.

(2) The competent authorities of the two territories may communicate with each other directly for the purpose of giving effect to the provisions of this agreement.

Article XVI

(1) This agreement shall be ratified by the Contracting Governments. Ratification by His Majesty the King of Sweden shall be subject to the consent of the Riksdag.

(2) The instruments of ratification shall be exchanged at Stockholm as soon as possible.

(3) This agreement shall come into force on the date of exchange of instruments of ratification and shall be effective in respect of the estates of persons dying on or after the 1st of July, 1961.

Article XVII

This agreement shall continue in effect indefinitely but either of the Contracting Governments may, on or before the thirtieth day of June in any year, not earlier than the calendar year 1966, give to the other Contracting Government written notice of termination. Where due notice is given, the agreement shall cease to be effective at the end of the calendar year in which the notice is given, but shall continue to apply in respect of the estate of any person dying before the end of that year.

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

DONE at Stockholm this 15th day of May, 1962, in duplicate in the English language.

(Signed) Arie AROCH

(Signed) Tag ERLANDER