

No. 8240

---

**NORWAY  
and  
ICELAND**

**Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and fortune (with Protocol). Signed at Reykjavík, on 30 March 1966**

*Official texts: Norwegian and Icelandic.*

*Registered by Norway on 7 July 1966.*

---

**NORVÈGE  
et  
ISLANDE**

**Convention tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu et sur la fortune (avec Protocole). Signée à Reykjavik, le 30 mars 1966**

*Textes officiels norvégien et islandais.*

*Enregistrée par la Norvège le 7 juillet 1966.*

[TRANSLATION — TRADUCTION]

No. 8240. AGREEMENT<sup>1</sup> BETWEEN THE KINGDOM OF NORWAY AND THE REPUBLIC OF ICELAND FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND FORTUNE. SIGNED AT REYKJAVÍK, ON 30 MARCH 1966

His Majesty the King of Norway and the President of the Republic of Iceland,

Desiring to conclude an agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and fortune,

Have for this purpose appointed as their plenipotentiaries :

His Majesty the King of Norway :

Ambassador Tor Myklebost;

The President of the Republic of Iceland :

Dr. Gylfi T. Gíslason, Acting Minister for Foreign Affairs,

who, having exchanged their full powers, found in good and due form,

Have agreed as follows :

CHAPTER I

SCOPE OF THE AGREEMENT

*Article 1*

PERSONAL SCOPE

This Agreement shall apply to persons who are residents of one or both of the Contracting States.

*Article 2*

TAXES COVERED

1. This Agreement shall apply to taxes on income and fortune imposed on behalf of each Contracting State or of its political sub-divisions or local authorities, irrespective of the manner in which they are levied.

<sup>1</sup> Came into force on 10 June 1966, the date of the exchange of the instruments of ratification at Oslo, in accordance with article 31.

2. The following shall be regarded as taxes on income and fortune : all taxes imposed on total income, on total fortune, or on elements of income or of fortune, including taxes on profits derived from the alienation of movable or immovable property, taxes on the total amounts of wages or salaries paid by enterprises, and taxes on capital appreciation.

3. The existing taxes to which the Agreement shall apply are, in particular :

(a) In the case of Iceland :

- (1) The State income tax (*tekjuskattur til ríkisins*);
- (2) The State property tax (*eignarskattur til ríkisins*);
- (3) The communal income tax (*tekjuútsvar til sveitarfélaga*);
- (4) The communal property tax (*eignarútsvar til sveitarfélaga*); (hereinafter referred to as “ Icelandic taxes ”);

(b) In the case of Norway :

- (1) The State income tax (*inntektsskatt til staten*);
- (2) The State tax-equalization dues (*skatteutjevningssavgift til staten*);
- (3) The special State tax in aid of developing countries (*særskatt til staten for utviklingshjelp*);
- (4) The State tax on fees paid to foreign artists (*avgift til staten av utenlandske kunstneres honorarer*);
- (5) The State property tax (*formuesskatt til staten*);
- (6) The communal income tax (*inntektsskatt til kommuner*);
- (7) The communal property tax (*formuesskatt til kommuner*);
- (8) The seamen’s tax (*sjømannsskatt*); (hereinafter referred to as “ Norwegian taxes ”).

4. The Agreement shall also apply to any identical or substantially similar taxes which are subsequently imposed in addition to, or in place of, the existing taxes. At the end of each year the competent authorities of the Contracting States shall notify each other of any significant changes which have been made in their taxation laws.

5. With respect to the Icelandic communal business tax (*aðstöðugjald*) or to any identical or substantially similar tax subsequently imposed in addition to, or in place of, the business tax which is not covered by this Agreement, the special provisions contained in article 8, paragraph 4, and article 24, paragraph 2, shall apply.

## CHAPTER II

## DEFINITIONS

*Article 3*

## GENERAL DEFINITIONS

1. For the purposes of this Agreement, unless the context requires otherwise :
  - (a) The term “Iceland” means the Republic of Iceland, including the sea bed and its subsoil in the sea areas off the coast of the Republic of Iceland, which are subject to Icelandic sovereignty in respect of the use and exploration of natural resources;
  - (b) The term “Norway” means the Kingdom of Norway, including the sea bed and its subsoil in the sea areas off the coast of the Kingdom of Norway, which are subject to Norwegian sovereignty under the Royal Resolution of 31 May 1963 in respect of the use and exploration of natural resources; Svalbard, Jan Mayen and the Norwegian dependencies outside Europe are not included;
  - (c) The term “person” includes individuals, companies or any other entities treated as taxable units under the taxation laws in force in either of the Contracting States;
  - (d) The term “company” means any entity which is treated as a body corporate for tax purposes in the Contracting State of which it is a resident;
  - (e) The terms “enterprise of a Contracting State” and “enterprise of the other Contracting State” mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
  - (f) The term “competent authorities” means, in the case of Iceland, the Minister of Finance or his authorized representative, and in the case of Norway, the Minister of Finance and Customs or his authorized representative.
2. In the application of the provisions of this Agreement by each of the Contracting States, any term not otherwise defined shall unless the context otherwise requires have the meaning which it has under the taxation laws of that State relating to the taxes which are the subject of the Agreement.

*Article 4*

## FISCAL DOMICILE

1. For the purposes of this Agreement, the term “resident of a Contracting State” means any person who, under the law of that State, is liable to taxation therein by reason of his domicile, residence, place of management or any other similar criterion.
2. Where under the provisions of paragraph 1 an individual is a resident of both Contracting States, the case shall be determined in accordance with the following rules :
  - (a) He shall be deemed to be a resident of the Contracting State in which he has a permanent home available to him. If he has a permanent home available to him in both Contracting States, he shall be deemed to be a resident of the Contracting State with which his personal and economic relations are closer (centre of vital interests).
  - (b) If the Contracting State in which he has his centre of vital interests cannot be determined, or if he has no permanent home available to him in either Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode.
  - (c) If he has an habitual abode in both the Contracting States or in neither of them, he shall be deemed to be a resident of the Contracting State of which he is a national.
  - (d) If he is a national of both Contracting States or of neither of them, the competent authorities of the Contracting States shall settle the question by agreement.
3. Where under the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, it shall be deemed to be a resident of the Contracting State in which its place of actual management is situated.

*Article 5*

## PERMANENT ESTABLISHMENT

1. For the purposes of this Agreement, the term “permanent establishment” means a fixed place of business in which the activity of the enterprise is wholly or partly carried on.
2. The term “permanent establishment” shall include especially :
  - (a) A place of management;
  - (b) A branch;
  - (c) An office;

- (d) A factory;
  - (e) A workshop;
  - (f) A mine, quarry or other place of extraction of natural resources;
  - (g) A building site or assembly project, the duration of which exceeds twelve months.
3. The term “ permanent establishment ” shall not be deemed to include :
- (a) The use of facilities solely for the storage, display or delivery of goods or merchandise belonging to the enterprise;
  - (b) The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
  - (c) The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
  - (d) The maintenance of a fixed place of business solely for the purpose of purchasing goods or for collecting information for the enterprise;
  - (e) The maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character for the enterprise.
4. A person acting in one Contracting State on behalf of an enterprise of the other Contracting State—other than an independent agent to whom paragraph 5 applies—shall be deemed to be a permanent establishment in the first-mentioned State if he has, and habitually exercises in that State, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise.
5. An enterprise of one Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other State through a broker, general commission agent or other independent agent, where such persons are acting in the ordinary course of their business.
6. The fact that a company which is a resident of one Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

## CHAPTER III

## TAXATION OF INCOME

*Article 6*

## INCOME FROM IMMOVABLE PROPERTY

1. Income from immovable property may be taxed in the Contracting State in which the property is situated.
2. The term "immovable property" shall be defined in accordance with the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment of agricultural and forestry enterprises, rights to which the provisions of private law respecting landed property apply, usufruct of immovable property and rights to fixed or variable payments as consideration for the working of, or for the right to work, mineral deposits, mineral springs and other natural resources. Ships, boats and aircraft shall not be regarded as immovable property.
3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.
4. The provisions of paragraphs 1 and 3 shall also apply to income from the immovable property of an enterprise and to income from immovable property used for the performance of professional services.

*Article 7*

## INCOME FROM BUSINESS

1. The profits of an enterprise of one Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries business as aforesaid, its profits may be taxed in the latter State, but only to the extent that they are attributable to the permanent establishment.
2. Where an enterprise of one Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that establishment the profits which it might have been expected to make if it had been a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing quite independently with the enterprise of which it is a permanent establishment.

3. In calculating the profits of a permanent establishment, deductions shall be allowed for expenses, including executive and general administrative expenses, which are incurred for the purposes of the permanent establishment, whether in the State in which the permanent establishment is situated or elsewhere.
4. In so far as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise among its various parts, nothing in paragraph 2 shall preclude such Contracting State from determining the profits to be taxed on such a basis. The method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles laid down in this article.
5. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that establishment of goods or merchandise for the enterprise.
6. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.
7. Where profits include items of income which are dealt with separately in other articles of this Agreement, the provisions of such articles shall not be affected by the provisions of this article.

### Article 8

#### SHIPPING AND AIR TRANSPORT

1. Income derived from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of actual management of the enterprise is situated.
2. If the place of actual management of a shipping enterprise is on board a ship, it shall be deemed to be situated in the Contracting State of which the sole or principal operator of the enterprise is a resident.
3. The provisions of paragraph 1 shall also apply to Icelandic or Norwegian enterprises engaged in international shipping or air transport which participate in pools of any description.
4. Where the Icelandic communal business tax (*aðstöðugjald*) is levied on a permanent establishment in Iceland owned by an enterprise engaged in activity of the kind referred to in paragraph 1 of this article, due allowance shall be made therefor in Norwegian taxes in accordance with the provisions of article 24, paragraph 2.



*Article 9*

## ASSOCIATED ENTERPRISES

Where :

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

and 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 which by reason of those conditions have not so accrued shall be included in the profits of that enterprise and taxed accordingly.

*Article 10*

## DIVIDENDS

1. Dividends paid by a company which is a resident of one Contracting State to a resident of the other Contracting State shall be taxable only in the latter State.
2. Dividends paid by a company which is a resident of one Contracting State to a company which is a resident of the other Contracting State shall be exempt from taxation in the latter State to the extent that they would have been exempt under the taxation law of that State if both companies had been residents thereof. This provision shall however apply only in so far as the dividends are not deductible from the company's total net profits in the assessment of State or communal income taxes in the State of which the company is a resident.
3. The term "dividends" as used in this article means income from shares, mining shares, founders' shares or other rights, not being debt-claims, participating in profits, and income from other corporate rights assimilated to income from shares by the taxation law of the State of which the company making the distribution is a resident.
4. The provisions of paragraph 1 shall not apply if the recipient of the dividends, being a resident of one Contracting State, has in the other Contracting State, of which the company paying the dividends is a resident, a permanent establishment with which the holding by virtue of which the dividends are paid is actually connected. In that case, the provisions of article 7 shall apply.

5. Where a company which is a resident of one Contracting State receives profits or income from the other Contracting State, that other State may not levy any tax on the dividends paid by the company to persons who are not residents of that other State, or subject the company to a tax on undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

### *Article 11*

#### INTEREST

1. Interest arising in one Contracting State and paid to a resident of the other Contracting State shall be taxable only in the latter State.

2. The term "interest" as used in this article means income from Government securities, bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, and debt-claims of every kind, and all other income assimilated to income from money lent by the taxation law of the State in which the income arises.

3. The provisions of paragraph 1 shall not apply if the recipient of the interest, being a resident of one Contracting State, has in the other Contracting State, in which the interest arises, a permanent establishment with which the debt-claim from which the interest arises is actually connected. In that case, the provisions of article 7 shall apply.

4. Interest shall be deemed to arise in a Contracting State when the payer is that State itself or a political sub-division, local authority or resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has a permanent establishment in a Contracting State, the interest shall be deemed to arise in that State if the debt was incurred for the purposes of such establishment and the interest is borne by the latter.

5. Where, owing to a special relationship between the payer and the recipient, or between both of them and some other person, the amount of the interest paid, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall be taxable according to the law of each of the Contracting States, due regard being had to the other provisions of this Agreement.

*Article 12*

## ROYALTIES

1. Royalties arising in one Contracting State and paid to a resident of the other Contracting State shall be taxable only in the latter State.
2. The term “royalties” as used in this article means payments of any kind received as consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work, including cinematograph films, or any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.
3. The provisions of paragraph 1 shall not apply if the recipient of the royalties, being a resident of one Contracting State, has in the other Contracting State, in which the royalties arise, a permanent establishment with which the right or property giving rise to the royalties is actually connected. In that case, the provisions of article 7 shall apply.
4. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself or a political sub-division, local authority or resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has a permanent establishment in a Contracting State, the royalties shall be deemed to arise in that State if the royalty agreement is connected with the permanent establishment and the royalties are borne by the latter.
5. Where, owing to a special relationship between the payer and the recipient, or between both of them and some other person, the amount of the royalties paid, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed on by the payer and the recipient in the absence of such relationship, the provisions of this article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall be taxable according to the law of each Contracting State, due regard being had to the other provisions of this Agreement.

*Article 13*

## CAPITAL GAINS

1. Profits derived from the alienation of immovable property, as defined in article 6, paragraph 2, shall be taxable in the Contracting State in which such property is situated.

2. Profits derived from the alienation of movable property forming part of the business property connected with a permanent establishment which an enterprise of one Contracting State has in the other Contracting State shall be taxable in the latter State. The same shall apply to movable property pertaining to a fixed base which a resident of one Contracting State has in the other Contracting State for the practice of a profession. It shall also apply to profits derived from the alienation of such a permanent establishment (either alone or together with the whole enterprise) or fixed base. However, profits derived from the alienation of movable property of the kind referred to in article 23, paragraph 3, shall be taxable only in the Contracting State in which such movable property is taxable under the said article.
3. Profits derived from the alienation of any property or assets other than those specified in paragraphs 1 and 2 of this article shall be taxable only in the Contracting State of which the alienator is a resident.

#### *Article 14*

##### PROFESSIONS

1. Income derived by a resident of one Contracting State from the practice of a profession or from other independent activities of a similar character shall be taxable only in that State. However, the foregoing shall not apply if the taxpayer has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities. If he has such a fixed base, only the portion of his income attributable to it shall be taxable in the other Contracting State.
2. The term “professional services” includes, in particular, independent scientific, literary, artistic, educational or teaching activities and the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

#### *Article 15*

##### EMPLOYMENT

1. Subject to the provisions of articles 16, 18, 19, 20 and 21, wages, salaries and similar remuneration derived by a resident of one Contracting State from employment shall be taxable only in that State. However, if the employment is exercised in the other Contracting State, the remuneration shall be taxable in the latter State.
2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of one Contracting State from employment in the other Contracting State shall be taxable only in the first-mentioned State if :

- (a) The recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days—including normal holidays—in the fiscal year concerned, and
- (b) The remuneration is paid by or on behalf of an employer who is not a resident of the other State, and
- (c) The remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the preceding provisions of this article, remuneration for services rendered on board a ship in international traffic shall be taxable in the Contracting State in which the place of actual management of the enterprise is situated. Where the services are rendered on board a ship operated by co-owners having joint and several liability, the remuneration for such services shall be taxable in the Contracting State in which the ship is registered.

The provisions of this paragraph shall also apply to remuneration received by a resident of a Contracting State for services rendered on board a fishing, sealing or whaling vessel. The same shall apply if the remuneration is received in the form of a fixed share or portion of the proceeds of the fishing, sealing or whaling activity.

4. If the services are rendered wholly or substantially on board an Icelandic or Norwegian aircraft (including aircraft owned or chartered by Scandinavian Airlines System), the remuneration referred to in paragraph 1 of this article shall be taxable only in the Contracting State of which the recipient is deemed to be a resident in accordance with the provisions of article 4 of this Agreement.

#### *Article 16*

##### DIRECTORS' FEES

Directors' fees and similar payments, including fees paid to members of supervisory boards, received by a resident of one Contracting State in his capacity as member of the board of directors or supervisory board of a company which is a resident of the other Contracting State shall be taxable only in the first-mentioned State.

#### *Article 17*

##### ARTISTES AND ATHLETES

Notwithstanding the provisions of articles 14 and 15, income received by professional entertainers such as musicians and theatre, motion picture, radio or television artistes and by professional athletes shall be taxable in the Contracting State in which these activities are performed.

*Article 18*

## PENSIONS

Pensions and similar remuneration paid to a resident of a Contracting State in consideration of past employment shall be taxable only in that State.

*Article 19*

## GOVERNMENTAL FUNCTIONS

1. Remuneration, excluding pensions (as provided for in article 18), paid by, or out of funds created, by a Contracting State or a political sub-division or local authority thereof to any individual in respect of services rendered to that State or political sub-division or local authority in the discharge of functions of a governmental nature shall be taxable in that State.
  
2. The provisions of articles 15 and 16 shall apply to remuneration for services rendered in connexion with any trade or business carried on by one of the Contracting States or by a political sub-division or local authority thereof.

*Article 20*

## STUDENTS

A resident of one Contracting State who is present temporarily in the other Contracting State solely

- (a) As a student at a university, college or school, or
- (b) As a business or technical 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 organization,

shall not be taxed in the other Contracting State in respect of remittances received for his maintenance, education or training or in respect of a scholarship grant. The same shall apply to any amount received as remuneration for work done in that other State, provided that such work is connected with his studies or training or is necessary for his maintenance. However, this provision shall not apply where the studies or training are secondary to the work for which the remuneration is received.

*Article 21*

## PROFESSORS, TEACHERS AND RESEARCH WORKERS

A resident of one Contracting State who, at the invitation of a university, college or other establishment of higher education or scientific research in the other Contracting State, visits that other State solely for the purpose of teaching or scientific research at such institution for a period not exceeding two years shall not be taxed in that other State in respect of remuneration received for such teaching or research.

*Article 22*

## INCOME NOT EXPRESSLY MENTIONED

Items of income not expressly mentioned in the preceding articles of this Agreement shall be taxable only in the Contracting State of which the recipient is a resident.

## CHAPTER IV

## TAXES ON FORTUNE

*Article 23*

## FORTUNE

1. Fortune represented by immovable property, as defined in article 6, paragraph 2, shall be taxable in the Contracting State in which such property is situated.
2. Fortune represented by movable property forming part of the business property employed in a permanent establishment of an enterprise, or by movable property pertaining to a fixed base used for the practice of a profession, shall be taxable in the Contracting State in which the permanent establishment or fixed base is situated.
3. Ships and aircraft operated in international traffic, and movable property pertaining to the operation of such ships and aircraft, shall be taxable only in the Contracting State in which the place of actual management of the enterprise is situated.
4. All other elements of fortune owned by a resident of a Contracting State shall be taxable only in that State.

## CHAPTER V

## METHOD FOR ELIMINATION OF DOUBLE TAXATION

*Article 24*

## METHOD OF APPORTIONMENT

1. Where a resident of one Contracting State receives income or owns property which, in accordance with the provisions of this Agreement, is taxable in the other Contracting State, the first-mentioned State shall exempt such income or property from taxation. In calculating the amount of tax on the remaining income or property, however, it may apply the rate of tax which would have been applicable if the income or property had not been exempted.
  
2. Where a resident of Norway, engaging in activity of the kind referred to in article 8, paragraph 1, is required to pay the Icelandic communal business tax (*aðstöðugjald*) in respect of a permanent establishment in Iceland, Norway shall allow as a deduction from that person's income tax an amount equal to the amount of tax paid in Iceland.

## CHAPTER VI

## SPECIAL PROVISIONS

*Article 25*

## NON-DISCRIMINATION

1. Nationals of one Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected.
2. The term "nationals" means:
  - (a) All individuals possessing the nationality of a Contracting State;
  
  - (b) All bodies corporate, partnerships and associations deriving their status as such from the law in force in a Contracting State.
  
3. Stateless persons shall not be subjected in a Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that State in the same circumstances are or may be subjected.



4. The taxation on a permanent establishment which an enterprise of one Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises carrying on the same activities in that other State.

This provision shall not be construed as obliging either Contracting State to grant to residents of the other Contracting State any personal tax allowances, reliefs or reductions in respect of civil status or family responsibilities which it grants to its own residents.

5. Enterprises of one Contracting State whose capital is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State shall not on that account be subjected in the first-mentioned State to any taxation or any requirement which is other or more burdensome than the taxation and requirements to which similar enterprises of the first-mentioned State are or may be subjected.

6. The provisions of this article shall not be construed as obliging Norway to grant to Icelandic nationals the special tax relief which is granted to Norwegian citizens and persons having Norwegian nationality rights under article 22 of the Norwegian Rural Tax Act and article 17 of the Norwegian Urban Tax Act.

7. For the purposes of this article, the term "taxation" means taxes of every kind and description.

### *Article 26*

#### AGREEMENT PROCEDURE

1. Where a resident of a Contracting State considers that measures taken by one or both of the Contracting States are resulting or will result for him in taxation not in accordance with this Agreement, he may present his case to the competent authority of the Contracting State of which he is a resident. This may be done irrespective of the remedies provided by the national laws of those States.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation not in accordance with this Agreement.

3. The competent authorities of the Contracting States shall endeavour to resolve by agreement any difficulties or doubts arising in the interpretation or application of this Agreement. They may also consult together with a view to the elimination of double taxation in cases not provided for in the Agreement.

4. The competent authorities of the Contracting States may communicate with each other direct for the purpose of reaching an agreement in the sense of this article. If it is advisable, in order to reach agreement, to have an oral exchange of opinions, such exchange may take place through a commission composed of representatives of the competent authorities of the Contracting States.

#### Article 27

##### EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is necessary for the application of this Agreement and of the national laws of the Contracting States concerning taxes covered by this Agreement, in so far as the taxation is in accordance with this Agreement. All information so exchanged shall be treated as secret and shall not be disclosed to any persons or authorities other than those concerned with the assessment and collection of the taxes which are the subject of this Agreement.

2. The provisions of paragraph 1 shall in no case be construed as imposing on a Contracting State the obligation :

- (a) To carry out administrative measures at variance with the laws or the administrative practice of that State or of the other Contracting State;
- (b) To supply information which is not obtainable under the laws or in the normal course of the administration of that State or of the other Contracting State;
- (c) To supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information the disclosure of which would be contrary to public policy (*ordre public*).

#### Article 28

##### TERRITORIAL EXTENSION

This Agreement may be extended, either in its entirety or with any necessary modifications, to any part of Norwegian territory which has been specifically excluded from the scope of the Agreement and which imposes taxes substantially similar to those to which the Agreement applies. Any such extension shall take effect from such date, and subject to such modifications and conditions, including conditions as to termination, as may be specified and agreed between the Contracting States in notes to be exchanged through the diplomatic channel.

*Article 29*

## DIPLOMATIC AND CONSULAR OFFICIALS

The provisions of this Agreement shall not affect the tax privileges of diplomatic or consular officials under the general rules of international law or the provisions of special agreements.

In so far as income and fortune are exempt from taxation in the receiving State by virtue of the tax privileges of diplomatic or consular officials under the general rules of international law or the provisions of special treaties, the right of taxation shall rest with the sending State, notwithstanding the provisions of this Agreement.

*Article 30*

## ASSISTANCE IN THE COLLECTION OF TAXES

The question whether and to what extent the Contracting States shall lend each other assistance and support in the collection of taxes covered by this Agreement may be agreed upon between the Contracting States at a future date by exchange of notes, if possible.

## CHAPTER VII

## FINAL PROVISIONS

*Article 31*

## ENTRY INTO FORCE

1. This Agreement shall be ratified and the instruments of ratification shall be exchanged at Oslo as soon as possible.
2. The Agreement shall enter into force upon the exchange of the instruments of ratification and shall apply :
  - (1) In respect of income taxes, to income received during the calendar year 1965 or during any accounting period ending in that calendar year;
  - (2) In respect of taxes on fortune, to fortune as at the close of the calendar year 1965 or the last day of any accounting period ending in that calendar year.
3. On the entry into force of this Agreement, the Agreement of 17 September 1955 between Norway and Iceland concerning the reciprocal exemption from

taxation of income derived from sea and air transport shall cease to have effect. The latter Agreement shall, however, apply in respect of fiscal years preceding the entry into force of this Agreement.

*Article 32*

TERMINATION

This Agreement shall remain in force until it is denounced by one of the Contracting States. Either Contracting State may denounce the Agreement through the diplomatic channel by giving notice of termination not later than six months before the end of any calendar year after 1970. In that event, the Agreement shall cease to apply :

- (1) In respect of taxes on income, to income pertaining to income years or accounting periods beginning on or after the first day of January of the calendar year next following that in which notice was given ;
- (2) In respect of taxes on fortune, to taxes due for payment on or after the first day of January of the calendar year next following that in which notice was given.

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

DONE at Reykjavík on 30 March 1966, in duplicate, in the Norwegian and Icelandic languages, both texts being equally authentic.

For the Kingdom of Norway :  
Tor MYKLEBOST

For the Republic of Iceland :  
Gylfi T. GÍSLASON

## PROTOCOL

On signing the Agreement concluded this day between the Kingdom of Norway and the Republic of Iceland for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and fortune, the undersigned plenipotentiaries have signed the following Protocol, which forms an integral part of the Agreement :

Consideration has been given to the provisions of article 8, paragraph 1, article 13, paragraph 2, last sentence, and article 23, paragraph 3, under which the right of taxation depends on the place of actual management of the enterprise. Where an enterprise of the kind in question is operated by co-owners having joint and several liability, it is normally considered, under Icelandic law, to be a taxable entity. Under Norwegian law, however, each co-owner is taxed independently. For this reason it has proved difficult to reach agreement on provisions to deal with this point. It is accordingly understood that individual cases of this kind arising in the future shall be dealt with by the competent authorities of the Contracting States in accordance with the provisions of article 26.

For the Kingdom of Norway :

Tor MYKLEBOST

For the Republic of Iceland :

Gylfi T. GÍSLASON

---