

No. 9217

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**DENMARK**  
and  
**ITALY**

**Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital. Signed at Copenhagen, on 10 March 1966**

*Official texts : Danish, Italian and English.*

*Registered by Denmark on 3 September 1968.*

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**DANEMARK**  
et  
**ITALIE**

**Convention tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu et d'impôts sur la fortune. Signée à Copenhague, le 10 mars 1966**

*Textes officiels danois, italien et anglais.*

*Enregistrée par le Danemark le 3 septembre 1968.*

No. 9217. CONVENTION<sup>1</sup> BETWEEN DENMARK AND ITALY FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND CAPITAL. SIGNED AT COPENHAGEN, ON 10 MARCH 1966

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The Government of the Kingdom of Denmark and the Government of Italy, desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, have agreed as follows :

*Article I*

1. This Convention shall apply to taxes on income and capital imposed on behalf of each Contracting State or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income and capital all taxes imposed on total income, on total capital, or on the elements of income or of capital, 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, as well as taxes on capital appreciation.

3. The existing taxes to which this Convention shall apply are, in particular :

(a) In the case of Denmark :

- (i) The ordinary income taxes to the State,
- (ii) the capital tax to the State,
- (iii) the communal income taxes,
- (iv) the national pension and invalidity insurance contribution,
- (v) the sailors' tax,
- (vi) the special income tax,
- (vii) the Church tax

(hereinafter referred to as "Danish tax").

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<sup>1</sup> Came into force on 9 July 1968, the date of the exchange of the instruments of ratification which took place at Rome, in accordance with article XXVIII.

(b) In the case of Italy :

- (i) The tax on land (*imposta sul reddito dei terreni*),
- (ii) the tax on buildings (*imposta sul reddito dei fabbricati*),
- (iii) the tax on income from movable wealth (*imposta sui redditi di ricchezza mobile*),
- (iv) the tax on agricultural income (*imposta sui redditi agrari*),
- (v) the complementary tax (*imposta complementare progressiva sul reddito*),
- (vi) the tax on companies (*imposta sulle società*),
- (vii) the tax on bonds (*imposta sulle obbligazioni*),
- (viii) the taxes on income imposed by provinces, municipalities, chambers of commerce

(hereinafter referred to as "Italian tax").

4. This Convention 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 to each other any changes which have been made in their respective taxation laws.

5. The competent authorities of the Contracting States shall by mutual agreement resolve any doubts which arise as to the taxes to which this Convention ought to apply.

## Article II

1. In this Convention, unless the context otherwise requires :

- (a) The term "Denmark" means the Kingdom of Denmark, excluding the Faroe Islands and Greenland ;
- (b) The term "Italy" means the Italian Republic ;
- (c) The terms "one of the Contracting States" and "the other Contracting State" mean Denmark or Italy, as the context requires ;
- (d) The term "tax" means Danish tax or Italian tax, as the context requires ;
- (e) The term "person" includes an individual or any body, corporate or not corporate ;
- (f) The term "company" means any body corporate and any entity which is treated as a body corporate for tax purposes ;
- (g) The term "resident" of one of the Contracting States means any person who, under the law of one of the States, is liable to taxation therein

by reason of his domicile, residence, place of management or any other similar criterion ;

(h) The terms “ resident of one of the Contracting States ” and “ resident of the other Contracting State ” mean a person who is a resident of Denmark or a person who is a resident of Italy, as the context requires ;

(i) The terms “ enterprise of one of the Contracting States ” 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 ;

(j) (i) The term “ permanent establishment ” means a fixed place of business in which the business of the enterprise is wholly or partly carried on.

(ii) The term “ permanent establishment ” shall include especially :

(aa) a place of management ;

(bb) a branch ;

(cc) an office ;

(dd) a factory ;

(ee) a workshop ;

(ff) a mine, quarry or other place of extraction of natural resources ;

(gg) a building site or construction or assembly project which exists for more than 12 months.

(iii) The term “ permanent establishment ” shall not be deemed to include :

(aa) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise ;

(bb) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery ;

(cc) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise ;

(dd) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise ;

(ee) 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.

(iv) A person acting in one of the Contracting States on behalf of an enterprise of the other Contracting State — other than an agent of an independent status to whom paragraph (v) 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.

(v) An enterprise of one of the Contracting States 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 any other agent of an independent status, where such persons are acting in the ordinary course of their business.

(vi) The fact that a company which is a resident of one of the Contracting States 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.

(k) The term "competent authorities" means:

- (i) In the case of Italy, the Ministry of Finances, General Directorship for Direct Taxation;
- (ii) In the case of Denmark, the Minister of Finance or his authorised representative.

2. In the application of the provisions of this Convention in one of the Contracting States any term not otherwise defined in this Convention, shall unless the context otherwise requires, have the meaning which it has under the laws in force in that State relating to the taxes which are the subject of this Convention.

### *Article III*

This Convention applies to persons who are residents of one or both of the Contracting States.

### *Article IV*

1. Where by reason of the provisions of paragraph 1 (g) of Article II an individual is a resident of both Contracting States, then this case shall be solved 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 closest (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 not a 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 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 determine the question by mutual agreement.

2. Where by reason of the provisions of paragraph 1 (g) of Article II, a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident of the Contracting State in which its place of effective management is situated.

#### *Article V*

1. The profits of an enterprise of one of the Contracting States 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 on business as aforesaid, tax may be imposed in the other State on the profits of the enterprise but only on so much of them as is attributable to that permanent establishment.

2. Where an enterprise of one of the Contracting States carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each State be attributed to that permanent establishment the profits which it might be expected to make if it were 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 the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

4. In so far as it has been customary in one of the Contracting States to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 of this Article shall preclude such Contracting State from determining the profits to be taxed by such an appor-

tionment as may be customary ; 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 permanent 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 Convention, then the provisions of these Articles shall apply with respect to those items of income.

#### *Article VI*

Where :

- (a) An enterprise of one of the Contracting States 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 of the Contracting States and an enterprise of the other Contracting State,

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 would, but for those conditions, 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 VII*

Profits from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

#### *Article VIII*

1. Dividends paid by a company which is a resident of one of the Contracting States to a resident of the other Contracting State may be taxed in that other State.

2. However, the Contracting State of which the company paying the dividends is a resident has the right to tax such dividends according to its

own laws, but the rate of the tax which it charges may not exceed 15 per cent of the gross amount of the dividends.

The competent authorities of the two States shall by mutual agreement settle the mode of application of this limitation.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. The term "dividends" as used in this Article means income from shares, "jouissance" shares or "jouissance" rights, founders' shares or other rights, not being debtclaims, participating in profits, as well as 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 paragraphs 1 and 2 shall not apply if the recipient of the dividends, being a resident of one of the Contracting States, has in the other Contracting State, of which the company paying the dividends is a resident, a permanent establishment. In such a case, those dividends are taxable in the other Contracting State according to its own laws.

5. Where a company which is a resident of one of the Contracting States receives profits or income from the other Contracting State, such 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 to the company's undistributed profits 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 IX*

1. Interest arising in one of the Contracting States and paid to a resident of the other Contracting State may be taxed in the first-mentioned 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 debtclaims of every kind, as well as all other income assimilated to income from money lent by the taxation law of the State in which the income arises.

3. Interest shall be deemed to arise in one of the Contracting States when the payer is that State itself, or a political sub-division, a local authority or a resident of that State. Where, however, the person paying the interest, whether he is a resident of one of the Contracting States or not, has in one



of the Contracting States a permanent establishment for the requirements of which the loan on which the interest is paid was effected, and such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

4. As long as interest flowing from Denmark to Italy is not subjected to tax in Denmark, Italy shall not levy its complementary tax on interest arising in Italy and paid to an individual who is a resident of Denmark. The provisions of this paragraph shall not apply if the recipient of the interest has a permanent establishment in Italy. In such a case paragraph 1 above shall apply.

#### *Article X*

1. Royalties arising in one of the Contracting States and paid to a resident of the other Contracting State shall be taxable only in that other 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, any patent, trade mark, design or model, plan, secret process or formula, 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. Profits from the alienation of any rights or property mentioned in paragraph 2 shall be taxable only in the Contracting State of which the alienator is a resident.

4. The provisions of the paragraphs 1 and 3 shall not apply if the recipient of the royalties, or the profits, being a resident of one of the Contracting States has in the other Contracting State in which the royalties arise a permanent establishment or in the case where the royalties or profits are paid to an enterprise which by virtue of participation in capital controls, or is controlled by, the enterprise paying the royalties or profits, as well as in the case where both enterprises are so controlled by a third enterprise. In such cases the royalties or profits shall be taxable in the other Contracting State according to its own laws.

For the purposes of this paragraph, an enterprise shall be deemed to be controlled by another enterprise if the latter enterprise holds, directly or indirectly, at least 40 per cent of the capital of the first-mentioned enterprise.

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 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 remain taxable according to the Contracting States' own laws, due regard being had to the other provisions of this Convention.

### *Article XI*

1. Income from immovable property may be taxed in the Contracting State in which such property is situated.

2. The term "immovable property" shall be defined in accordance with the laws 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 general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of mineral deposits, sources and other natural resources; ships, boats and aircraft shall not be regarded as immovable property.

3. The provisions of paragraphs 1 and 2 above shall apply to income derived from the direct use, or from the letting of immovable property or the use in any other form of such property, including income from agricultural or forestry enterprises. They shall likewise apply to profits from the alienation of immovable property.

4. The provisions of paragraphs 1 to 3 above shall also apply to the income from immovable property of any enterprises other than agricultural or forestry enterprises and to income from immovable property used for the performance of professional services.

### *Article XII*

1. Subject to the provisions of the following paragraph 2, capital gains from the alienation of movable property shall be taxable only in the Contracting State of which the alienator is a resident.

2. The provisions of paragraph 1 shall not apply if the alienator, being a resident of one of the Contracting States, has in the other Contracting State a permanent establishment or a fixed base and if:

- (a) The movable property is attributable to the permanent establishment or fixed base, or
- (b) The alienation of movable property takes place in the other Contracting State.

In such cases, the capital gains shall be taxable in that other State according to its own laws.

#### *Article XIII*

Income derived by a resident of one of the Contracting States in respect of professional services or other independent activities of a similar character shall be taxable only in that State unless he 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, such part of that income as is attributable to that base may be taxed in that other State.

#### *Article XIV*

1. Subject to the provisions of Article XV and XVI, salaries, wages and other similar remuneration, derived by a resident of one of the Contracting States in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1 above, remuneration derived by a resident of one of the Contracting States in respect of an employment exercised 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 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 deducted from the profits of 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 personal services performed aboard a ship or aircraft in international traffic may be taxed in the Contracting State in which the place of effective management of the enterprise is situated.

*Article XV*

Remuneration, including pensions, paid by or out of funds created by one of the Contracting States or a local authority thereof to any individual in respect of services rendered to that State, or local authority thereof in the discharge of functions of a governmental nature may be taxed in that State. Such remuneration or pensions shall not be taxed in the other Contracting State if the payment is made to an individual who is a national of the first-mentioned State without being also a national of the other Contracting State.

*Article XVI*

Directors' fees and similar payments derived by a resident of one of the Contracting States in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other State.

*Article XVII*

Subject to the provisions of Article XV pensions and other similar remuneration paid in consideration of past employment shall be taxable only in the Contracting State of which the recipient is a resident.

*Article XVIII*

Notwithstanding anything contained in this Convention, income derived by public entertainers, such as theatre, motion picture, radio or television artists, and musicians, and by athletes, from their personal activities as such may be taxed in the Contracting State in which these activities are exercised.

*Article XIX*

Payments which a student or business apprentice from one of the Contracting States who is present in the other Contracting State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training, shall not be taxed in that other State, provided that such payments are made to him from sources outside that other State.

*Article XX*

A professor or teacher from one of the Contracting States, who receives remuneration for teaching, during a period not exceeding two years, at a

university, college, school or other educational institution in the other Contracting State, shall not be taxed in such other Contracting State in respect of that remuneration.

*Article XXI*

The items of income not expressly mentioned in the foregoing Articles of the Convention shall be taxable only in the Contracting State of which the recipient is a resident.

*Article XXII*

1. Capital represented by immovable property, as defined in paragraph 2 of Article XI, may be taxed in the Contracting State in which such property is situated.

2. Subject to the provisions of paragraph 1 above, capital represented by assets forming part of the business property employed in a permanent establishment of an enterprise, or by assets pertaining to a fixed base used for the performance of professional services, may be taxed in the Contracting State in which the permanent establishment or fixed base is situated.

3. Ships and aircraft operated in international traffic and assets, other than immovable property, pertaining to the operation of such ships and aircraft, shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

4. All other elements of capital of a resident of one of the Contracting States shall be taxable only in that State.

5. The Italian tax on bonds (*imposta sulle obbligazioni*) is not deemed to be a tax on capital.

*Article XXIII*

It is agreed that :

(a) Italy in determining its income and capital taxes specified in Article I of this Convention in the case of its residents, or companies may include in the basis upon which such taxes are imposed all items of income or of capital, except where express provision to the contrary is made in this Convention ; Italy shall, however, deduct from the taxes so calculated the Danish tax on income or on capital (not exempt in Denmark under this Convention) in the following manner :

- (i) If the item of income is, according to the Italian law, subjected to the tax on income from movable wealth, the tax paid in Denmark shall be

deducted from the tax on income from movable wealth, but in a amount not exceeding that proportion of the aforesaid taxes which such income bears to the entire income.

Where the tax paid in Denmark on such income is higher than the deduction so calculated the difference shall be deducted from the complementary tax or from the tax on companies, as the case may be, but in an amount not exceeding that proportion of the tax which the item of income bears to the entire income.

- (ii) If the item of income is only subjected to the complementary tax or to the tax on companies, the deduction shall be granted from the complementary tax or from the tax on companies, as the case may be, but for that part of the tax paid in Denmark which exceeds 25 per cent of such item of income. The deduction cannot however exceed that proportion of the complementary tax or of the tax on companies which such income bears to the entire income.
- (iii) In so far as taxes on capital are concerned Italy shall deduct from its tax on capital the tax on capital paid in Denmark on the same item of capital. The deduction cannot however exceed that proportion of the Italian tax which the item of capital owned in Denmark bears to the entire capital.

(b) Denmark in determining its income and capital taxes specified in Article 1 of this Convention in the case of its residents or companies may include in the basis upon which such taxes are imposed all items of income or of capital, except where express provision to the contrary is made in this Convention ; Denmark shall, however, allow :

- (i) as a deduction from the income tax so calculated an amount equal to the income tax paid in Italy ;
- (ii) as a deduction from the capital tax so calculated an amount equal to the capital tax paid in Italy.

The deduction in either case shall not, however, exceed that part of the income tax or capital tax, respectively, as computed before the deduction is given, which is appropriate, as the case may be, to the income derived from or the capital owned in Italy.

#### *Article XXIV*

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the present Convention or for the prevention of fiscal evasions. The competent authorities, however, are

not obliged to supply information which is not obtainable from documents of the tax authorities, but would necessitate special inquiries. The content of any information so exchanged shall be treated as secret and may only be disclosed to persons or authorities which are, under the laws of that Contracting State, concerned with the assessment and collection of the taxes which are the subject of this Convention. Those persons and authorities are bound to the same secrecy as the competent authorities.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on one of the Contracting States the obligation :

- (a) To carry out administrative measures at variance with the legal provisions or the administrative practice of that State,
- (b) To supply particulars which are not obtainable under the legislation of the one or the other Contracting State.

3. No information shall be exchanged which would disclose any commercial, industrial or professional secret.

#### *Article XXV*

1. Where a resident of one of the Contracting States considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with this Convention, he may, notwithstanding the remedies provided by the national laws of those states, present his case to the competent authority of the Contracting State of which he is a resident. The claim must be lodged within two years from the date of the notification or withholding at the source of the tax lastly imposed.

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 an appropriate solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation not in accordance with this Convention.

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

4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs. When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take place through a Commission consisting of representatives of the competent authorities of the Contracting States.

*Article XXVI*

1. The nationals of one of the Contracting States 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 one of the Contracting States;
- (b) All legal persons, partnerships and associations deriving their status as such from the law in force in one of the Contracting States.

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

This provision shall not be construed as obliging one of the Contracting States to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

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

5. The provisions of paragraphs 3 and 4 shall not be construed as affecting the imposition in Italy of the tax on companies (*imposta sulle società*) charged according to the Italian laws.

6. In this Article the term “taxation” means taxes of every kind and description.

*Article XXVII*

1. Convention may be extended, either in its entirety or with modifications, to the territories of the Faroe Islands and Greenland if in these territories there are imposed taxes substantially similar in character to those which are the subject of this Convention. The extension of the Convention and the modifications thereto shall be specified and agreed between the Contracting States in notes to be exchanged for this purpose.



2. The termination of this Convention under Article XXIX shall, unless otherwise expressly agreed by both Contracting States terminate the application of this Convention to any territory to which the Convention has been extended under this Article.

#### *Article XXVIII*

1. This Convention shall be ratified and the instruments of ratification shall be exchanged at Rome as soon as possible.

2. This Convention shall enter into force upon the exchange of instruments of ratification.

3. After exchange of instruments of ratification the provisions of this Convention shall have effect :

- (a) As to taxes on income withheld at the source, for income payable on or after the first day of January 1962.
- (b) As to other taxes on income :
  - (i) for income arising on or after the first day of January 1962 (individuals) ;
  - (ii) for income arising in the social year beginning on or after the first day of January 1962 (companies).
- (c) As to taxes on capital :
  - (i) for capital owned at the end of the calendar year 1962 (individuals) ;
  - (ii) for capital owned at the end of the social year beginning on or after the first day of January 1962 (companies).

#### *Article XXIX*

This Convention shall remain in force until denounced by one of the Contracting States. Either Contracting State may denounce the Convention, through diplomatic channels, not earlier than five years after its entry into force by giving notice of termination at least six months before the end of the calendar year and in such event, the Convention shall cease to be effective :

- (a) As to taxes on income withheld at the source, for income payable on or after the first day of January in the calendar year next following that in which such notice is given.
- (b) As to other taxes on income :
  - (i) for income arising on or after the first day of January in the calendar year next following that in which such notice is given (individuals) ;

- (ii) for income arising in the social year beginning on or after the first day of January in the calendar year next following that in which such notice is given (companies).
- (c) As to taxes on capital :
- (i) for capital owned at the end of the calendar year next following that in which such notice is given (individuals) ;
  - (ii) for capital owned at the end of the social year beginning on or after the first day of January in the calendar year next following that in which such notice is given (companies).

IN WITNESS WHEREOF the undersigned, duly authorised thereto, have signed the present Convention.

DONE in duplicate at Copenhagen, this 10th March, 1966, in the Danish, Italian and English languages, all texts being equally authentic, except in the case of doubt when the English text shall prevail.

For the Government of the Kingdom of Denmark :

Per KÆKKERUP

For the Government of the Italian Republic :

Luciano CONTI

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