

No. 10771

**DENMARK
and
SINGAPORE**

**Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income.
Signed at Singapore on 7 March 1969**

Authentic text: English.

Registered by Denmark on 28 September 1970.

**DANEMARK
et
SINGAPOUR**

**Convention tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu.
Signée à Singapour le 7 mars 1969**

Texte authentique: anglais.

Enregistrée par le Danemark le 28 septembre 1970.

CONVENTION¹ BETWEEN THE KINGDOM OF DENMARK
AND THE REPUBLIC OF SINGAPORE FOR THE AVOID-
ANCE OF DOUBLE TAXATION AND THE PREVENTION
OF FISCAL EVASION WITH RESPECT TO TAXES ON
INCOME

The Government of the Kingdom of Denmark and the Government of the Republic of Singapore,

Desiring to conclude a Convention for the avoidance of double taxation with respect to taxes on income,

Have agreed as follows :

Article I

1. The taxes which are the subject of this Convention are —

(a) in the Kingdom of Denmark :

- (i) the ordinary income taxes to the State;
- (ii) the municipal income taxes;
- (iii) the old age pension contribution;
- (iv) the seamen's tax;
- (v) the special income tax (capital gains tax);
- (vi) the church tax

(hereinafter referred to as "Danish tax"); and

(b) in the Republic of Singapore :

the income tax

(hereinafter referred to as "Singapore tax").

2. This Convention shall also apply to any other taxes of a substantially similar character to those referred to in the preceding paragraph imposed in either Contracting State after the date of signature of this Convention.

Article II

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

(a) the term "Denmark" means the Kingdom of Denmark, including any area within which, under the laws of Denmark and in accordance with inter-

¹ Came into force on 7 March 1969, the date when the last of all such things had been done in Denmark and Singapore as were necessary to give it the force of law in Denmark and Singapore respectively, in accordance with article XXII (1).

national law, the rights of Denmark with respect to the exploration and exploitation of the natural resources of the continental shelf may be exercised; the term does not comprise the Faroe Islands and Greenland;

(b) the term "Singapore" means the Republic of Singapore;

(c) the terms "one of the Contracting States" and "the other Contracting State" mean Denmark or Singapore, as the context requires;

(d) the term "tax" means Danish tax or Singapore tax, as the context requires;

(e) the term "person" includes individuals and companies and any body of persons, corporate or not corporate;

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

(g) (i) the term "resident of Denmark" means any person who is resident in Denmark for the purposes of Danish tax; and the term "resident of Singapore" means any person who is resident in Singapore for the purposes of Singapore tax;

(ii) where by reason of the provisions of sub-paragraph (i) above an individual is a resident of both Contracting States, then his residence shall be determined in accordance with the following rules —

(aa) 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;

(bb) if the Contracting State, with which his personal and economic relations are closest, 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;

(cc) if he has an habitual abode in both Contracting States or in neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement;

(iii) where by reason of the provisions of sub-paragraph (i) above, a company is a resident of both Contracting States, then it shall be deemed to be —

(aa) a resident of Denmark, if it is managed and controlled in Denmark, or

(bb) a resident of Singapore, if it is managed and controlled in Singapore;

(h) the terms "resident of one of the Contracting States" and "resident of the other Contracting State" mean a resident of Denmark or a resident of Singapore, as the context requires;

(i) the terms “Danish enterprise” and “Singapore enterprise” mean, respectively, an industrial, mining, commercial, timber, plantation or agricultural enterprise or undertaking carried on by a resident of Denmark and an industrial, mining, commercial, timber, plantation or agricultural enterprise or undertaking carried on by a resident of Singapore;

(j) the terms “enterprise of one of the Contracting States” and “enterprise of the other Contracting State” mean a Danish or a Singapore enterprise, as the context requires;

(k) the terms “profits of a Danish enterprise” and “profits of a Singapore enterprise” do not include rents or royalties in respect of motion picture films or of tapes for television broadcasting or of mines, oil wells, quarries or other places of extraction of natural resources, or income in the form of dividends, interest, rents, royalties, or capital gains, or fees or other remuneration derived from the management, control or supervision of the trade, business or other activity of another enterprise or concern, or remuneration for labour or personal services, or profits derived from the operation of ships or aircraft;

(l) (i) subject to the provisions of this sub-paragraph, the term “permanent establishment” means a fixed place of business in which the business of the enterprise is wholly or partly carried on;

(ii) a permanent establishment shall include especially —

(aa) a place of management;

(bb) a branch;

(cc) an office;

(dd) a factory;

(ee) a workshop;

(ff) a farm or plantation;

(gg) a mine, oil well, quarry or other place of extraction of natural resources;

(hh) a building site or construction or assembly project which exists for more than six 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) an enterprise of one of the Contracting States shall be deemed to have a permanent establishment in the other Contracting State if it carries on supervisory activities in that other Contracting State for more than six months in connection with a construction, installation, or assembly project which is being undertaken in that other Contracting State;

(v) a person acting in one of the Contracting States on behalf of an enterprise of the other Contracting State (other than an agent of independent status to whom sub-paragraph (*l*) (vi) applies) shall be deemed to be a permanent establishment in the former Contracting State if —

- (*aa*) he has, and habitually exercises in that former Contracting 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; or
- (*bb*) he maintains in that former Contracting State a stock of goods or merchandise belonging to the enterprise from which he regularly fills orders on behalf of the enterprise;

(vi) 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 Contracting State through a broker, general commission agent or any other agent of independent status, where such person is acting in the ordinary course of his business;

(vii) 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 Contracting State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other;

(*m*) the term “competent authority” means, in the case of Denmark, the Minister of Finance or his authorised representative; and in the case of Singapore, the Minister for Finance or his authorised representative.

2. In the application of the provisions of this Convention 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 taxes which are the subject of this Convention.

Article III

1. (a) The profits of a Danish enterprise shall not be taxable in Singapore unless the enterprise carries on business in Singapore through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, tax may be imposed in Singapore on the profits of the enterprise but only on so much of them as is attributable to that permanent establishment.

(b) The profits of a Singapore enterprise shall not be taxable in Denmark unless the enterprise carries on business in Denmark through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, tax may be imposed in Denmark 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 Contracting 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 wholly independently with the enterprise of which it is a permanent establishment.

3. In determining the profits of a permanent establishment, there shall be allowed as deductions all expenses, including executive and general administrative expenses, which would be deductible if the permanent establishment were an independent enterprise in so far as they are reasonably allocable to the permanent establishment, whether incurred in the Contracting State in which the permanent establishment is situated or elsewhere.

4. No profits shall be attributed to a permanent establishment by reason of the mere purchase or transportation by that permanent establishment of goods or merchandise for the enterprise.

Article IV

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 V

1. Notwithstanding the provisions of Article III profits of an enterprise of one of the Contracting States from the operation of ships or aircraft in international traffic may be taxed in the other Contracting State only if such profits are derived from that other Contracting State.

Provided that —

- (a) when a Singapore enterprise derives profits from Denmark by operating ships or aircraft in international traffic the tax charged in Denmark in respect of such profits shall be reduced by an amount equal to 50 per cent thereof;
- (b) when a Danish enterprise derives profits from Singapore by operating ships or aircraft in international traffic the tax charged in Singapore in respect of such profits shall be reduced by an amount equal to 50 per cent thereof.

2. The provisions of paragraph 1 shall likewise apply to profits arising from participations in shipping or aircraft pools of any kind by such enterprises engaged in shipping or air transport.

3. For the purposes of this Article profits derived from the other Contracting State shall mean profits from the carriage of passengers, mails, livestock or goods shipped, or loaded into an aircraft in that State.

Provided that there shall be excluded the profits accruing from passengers, mails, livestock or goods which are brought to that other State solely for transshipment, or for transfer from one aircraft to another or from aircraft to a ship or from a ship to an aircraft.

Article VI

1. Dividends paid by a company resident in Singapore to a resident of Denmark who is subject to Danish tax in respect thereof shall be exempt from any tax in Singapore which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company.

Provided that nothing in this paragraph shall affect the provisions of Singapore law under which the tax in respect of a dividend paid by a company which is a resident of Singapore from which Singapore tax has been, or has been deemed to be, deducted may be adjusted by reference to the rate of tax appropriate to the Singapore year of assessment immediately following that in which the dividend was paid.

2. Dividends paid by a company resident in Denmark to a resident of Singapore who is subject to Singapore tax in respect thereof shall be exempt

from any tax in Denmark which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company.

3. Where, subsequent to the date of signature of this Convention —

- (a) Denmark imposes a tax on dividends paid by a company which is a resident of Denmark out of its profits or income such tax may be charged but the rate so charged shall not exceed 15 per cent of the gross amount of such dividends, and where the dividend is paid to a parent company which is a resident of Singapore the rate of tax so charged shall not exceed 10 per cent of the gross amount of such dividend;
- (b) Singapore imposes a tax on dividends paid by a company which is a resident of Singapore out of its profits or income such tax may be charged but the rate so charged shall not exceed 15 per cent of the gross amount of such dividends, and where the dividend is paid to a parent company which is a resident of Denmark the rate of tax so charged shall not exceed 10 per cent of the gross amount of such dividend.

4. For the purposes of this Article the term “parent company” means a company which is a resident of one of the Contracting States owning directly or indirectly not less than 25 per cent of the share capital of the company which is a resident of the other Contracting State paying the dividends.

5. The provisions of paragraphs 1, 2 and 3 shall not apply if the recipient of the dividends, being a resident of one of the Contracting States, has in the other Contracting State, in which the company paying the dividends is resident, a permanent establishment with which the holding by virtue of which the dividends are paid is effectively connected. In such a case Article III shall apply.

6. Where a company which is a resident of one of the Contracting States derives profits or income from sources within the other Contracting State, there shall not be imposed in that other Contracting State any form of taxation on dividends paid by that company to persons not resident in that other Contracting State, or any tax in the nature of an undistributed profits tax on undistributed profits of the company, whether or not those dividends or undistributed profits represent, in whole or in part, profits or income so derived.

7. If the system of taxation applicable in either of the Contracting States to the profits and distributions of companies is altered the taxation authorities may consult each other in order to determine whether it is necessary for this reason to amend the provisions of this Article.

Article VII

1. Interest and other income from bonds, securities, notes, debentures or any other form of indebtedness, whether or not secured by mortgages, paid to a resident of one of the Contracting States by a resident of the other Contracting State may not be taxed in that other Contracting State at a rate exceeding 15 per cent.

2. Notwithstanding the provisions of paragraph 1 the tax on interest derived from sources within one of the Contracting States by any financial institution which is a resident of the other Contracting State shall in the first-mentioned State not exceed 10 per cent of the gross amount of the interest if the enterprise paying the interest engages in an industrial undertaking within the meaning of paragraph 3 of this Article.

3. The term "industrial undertaking" means any undertaking engaged in —

- (a) manufacturing, assembling and processing;
- (b) construction, civil engineering and shipbuilding;
- (c) production of electricity, hydraulic power, gas or the supply of water; or
- (d) fishing.

4. Paragraphs 1 and 2 above shall not apply where the recipient carries on business in the other Contracting State through a permanent establishment situated therein, with which the debt-claim from which the interest arises, is effectively connected. In such a case Article III of this Convention shall apply.

5. The Government of Denmark shall be exempt from Singapore tax in respect of interest received by that Government from sources within Singapore.

6. The Government of Singapore shall be exempt from Danish tax in respect of interest received by that Government from sources within Denmark.

7. For the purposes of paragraphs 5 and 6 the term "Government" in the case of Denmark shall include the National Bank of Denmark and in the case of Singapore, the Board of Commissioners of Currency.

8. 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 and dealing with each other at arm's length, 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 law of each Contracting State, due regard being had to the other provisions of this Convention.

Article VIII

1. Royalties derived from sources within one of the Contracting States and paid to a resident of the other Contracting State shall be exempt from tax in the former Contracting 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 scientific work, 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, but does not include any royalty or other amount paid in respect of literary or artistic copyrights or of motion picture films or of tapes for television broadcasting or of the operation of a mine, oil well, quarry or any other place of extraction of natural resources.

3. Sums derived by a resident of one of the Contracting States from sources within the other Contracting State from the alienation of any right or property from which royalties, as defined in paragraph 2 of this Article, are or may be derived, shall be exempt from tax in the other Contracting State.

4. The provisions of paragraphs 1 and 3 of this Article shall not apply to royalties or sums received by a resident of one of the Contracting States where such royalties or sums are attributable to a permanent establishment of such resident in the other Contracting State. In such a case Article III shall apply.

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 or sums paid, having regard to the use, right, property 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 and dealing with each other at arm's length, 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 laws of each Contracting State, due regard being had to the other provisions of this Convention.

Article IX

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 law of the Contracting State in which the property in question is situated. The term shall in any case include rights to variable or fixed payments as consideration

for the working of, or the right to work, mines, oil wells, quarries or other places of extraction of natural resources.

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 the income from immovable property of an enterprise.

Article X

1. Gains from the alienation of immovable property, as defined in paragraph 2 of Article IX, may be taxed in the Contracting State in which such property is situated.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of one of the Contracting States has in the other Contracting State, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise), may be taxed in the other Contracting State. However, gains from the alienation of ships and aircraft operated by an enterprise of one of the Contracting States 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 of which the enterprise is a resident.

3. Gains from the alienation of any capital assets other than those mentioned in paragraphs 1 and 2, shall be taxable only in the Contracting State of which the alienator is a resident.

4. Notwithstanding the provisions of paragraph 3, where a person owns 25 per cent or more of the share capital of a company dealing wholly or mainly with immovable property, the gains from the alienation of some or all of such capital shares may be taxed in the Contracting State where such immovable property is situated.

5. Notwithstanding the provisions of paragraphs 3 and 4, where a company which is a resident of one of the Contracting States, other than a company referred to in paragraph 4, owns 25 per cent or more of the share capital of a company which is a resident of the other Contracting State, the gains from the alienation of such shares may be taxed in the other Contracting State.

Article XI

1. Subject to the provisions of this Article and Articles XII, XIII, XIV and XV, salaries, wages and similar remuneration or profits from an employment or profession derived by a resident of —

- (a) Denmark, shall be taxable only in Denmark unless the personal (including professional) services are performed in Singapore. If the personal services are so performed, such income as is derived therefrom may be taxed in Singapore;
- (b) Singapore, shall be taxable only in Singapore unless the personal (including professional) services are performed in Denmark. If the personal services are so performed, such income as is derived therefrom may be taxed in Denmark.

2. In relation to remuneration of a director of a company derived from the company, the provisions of this Article and of Article XII shall apply as if the remuneration were remuneration of an employee in respect of an employment. Director's 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 shall be deemed to have been derived from an employment exercised in, and may be taxed in, that other Contracting State.

3. A resident of one of the Contracting States shall be exempt from tax in the other Contracting State on remuneration for services performed on ships or aircraft in international traffic.

Article XII

1. An individual who is a resident of Denmark shall be exempt from Singapore tax on remuneration or profits in respect of personal (including professional) services performed within Singapore in any year of assessment if —

- (a) he is present within Singapore for a period or periods not exceeding in the aggregate 183 days during that year, and
- (b) the services are performed for or on behalf of a person who is a resident of Denmark, and
- (c) the remuneration or profits are subject to Danish tax, and
- (d) the remuneration or profits are not directly deductible from the profits for Singapore tax purposes of a permanent establishment in Singapore of that person.

2. An individual who is a resident of Singapore shall be exempt from Danish tax on remuneration or profits in respect of personal (including professional) services performed within Denmark in any calendar year if —

- (a) he is present within Denmark for a period or periods not exceeding in the aggregate 183 days during that year, and

- (b) the services are performed for or on behalf of a person who is a resident of Singapore, and
- (c) the remuneration or profits are subject to Singapore tax, and
- (d) the remuneration or profits are not directly deductible from the profits for Danish tax purposes of a permanent establishment in Denmark of that person.

3. The provisions of paragraphs 1 and 2 shall apply to remuneration or profits, salaries, wages and similar income derived from services rendered in one of the Contracting States by public entertainers (such as stage, motion picture, radio or television artistes, musicians and athletes) only if the visit to that Contracting State is substantially supported from the public funds of the Government of the other Contracting State.

4. Notwithstanding anything contained in this Convention, where the services mentioned in paragraph 3 are provided in one of the Contracting States by an enterprise of the other Contracting State then the profits derived from providing those services by such an enterprise may be taxed in the first-mentioned State unless the enterprise is substantially supported from the public funds of the Government of the other Contracting State in connection with the provision of such services.

5. For the purposes of this Article the term "Government" shall include any local authority of either Contracting State.

Article XIII

1. Any salary, wage or similar remuneration, paid by the Government of Denmark to an individual (other than a resident of Singapore who is not a citizen of Denmark) in respect of services rendered to Denmark in the discharge of governmental functions, shall be exempt from Singapore tax.

2. Any salary, wage or similar remuneration, paid by the Government of Singapore to an individual (other than a resident of Denmark who is not a citizen of Singapore) in respect of services rendered to Singapore in the discharge of governmental functions, shall be exempt from Danish tax.

3. The provisions of this Article shall not apply to any remuneration in respect of services rendered in connection with any trade or business carried on for purposes of profit.

4. For the purposes of this Article the term "Government" shall have the same meaning as in paragraph 5 of Article XII.

Article XIV

1. Any pension or annuity, derived from sources within one of the Contracting States by an individual who is a resident of the other Contracting State shall be exempt from tax in that other Contracting State.

2. The term "pension" means periodic payments made in consideration for services rendered or by way of compensation for injuries received.

3. 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.

Article XV

1. An individual, who immediately before visiting one of the Contracting States, is a resident of the other Contracting State and is temporarily present in the first-mentioned Contracting State solely as a student at a recognised university, college or school in that first-mentioned Contracting State, or as a business apprentice therein, shall be exempt from tax in the first-mentioned Contracting State in respect of —

- (a) all remittances from the other Contracting State for the purposes of his maintenance, education or training; and
- (b) any remuneration for personal services rendered in the first-mentioned Contracting State with a view to supplementing the resources available to him for such purposes.

2. An individual, who immediately before visiting one of the Contracting States, is a resident of the other Contracting State and is temporarily present in the first-mentioned Contracting State for a period not exceeding three years for the purpose of study, research or training solely as a recipient of a grant, allowance or award from a scientific, educational, religious or charitable organisation or under a technical assistance programme entered into by the Government of one of the Contracting States, shall be exempt from tax in the first-mentioned Contracting State on —

- (a) the amount of such grant, allowance or award; and
- (b) any remuneration for personal services rendered in the first-mentioned Contracting State, provided such services are in connection with his study, research or training or are incidental thereto.

3. An individual, who immediately before visiting one of the Contracting States, is a resident of the other Contracting State and is temporarily present in the first-mentioned Contracting State for a period not exceeding twelve months

solely as an employee of, or under contract with, the Government or an enterprise of the second-mentioned Contracting State for the purpose of acquiring technical, professional or business experience shall be exempt from tax in the first-mentioned Contracting State on —

- (a) all remittances from the second-mentioned Contracting State for the purposes of his maintenance, education or training; and
- (b) any remuneration, so far as it is not in excess of 12,500 Singapore dollars or the equivalent in Danish currency, for personal services rendered in the first-mentioned Contracting State, provided such services are in connection with his studies or training or are incidental thereto.

4. For the purposes of this Article the term “Government” shall have the same meaning as in paragraph 5 of Article XII.

Article XVI

For the purposes of this Convention —

1. (a) Dividends paid by a company which is a resident of Denmark shall be treated as derived from sources within Denmark.

(b) Dividends paid by a company which is a resident of —

- (i) Singapore shall be treated as derived from sources within Singapore, except to the extent that such dividends are paid out of profits accumulated prior to the year of assessment 1966 and which are deemed to have been derived from sources in Malaysia;
- (ii) Malaysia shall be treated as derived from sources within Singapore to the extent that such dividends are paid out of profits accumulated prior to the year of assessment 1966 and which are deemed to have been derived from sources in Singapore;

in accordance with the provisions of Article VII of the Double Taxation Agreement between Singapore and Malaysia.

2. Interest as defined in Article VII paid by the Government of one of the Contracting States or by a resident of one of the Contracting States, shall be treated as derived from sources within that Contracting State. Where, however, the person paying the interest, whether he is a resident of the Contracting State or not, has in a Contracting State a permanent establishment in connection with which the indebtedness on which the interest is paid was incurred, 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.

3. Royalties as defined in paragraph 2 of Article VIII shall be treated as derived from sources within the Contracting State in which the property referred to in that paragraph is used.

4. Sums derived from the alienation of rights or properties referred to in paragraph 3 of Article VIII shall be treated as derived from sources within the Contracting State in which such rights or properties are used.

5. Royalties in respect of the operation of mines, oil wells, quarries or other places of extraction of natural resources shall be treated as derived from sources within the Contracting State in which such immovable property, mines, oil wells, quarries or other places of extraction of natural resources are situated.

Article XVII

1. The laws of each Contracting State shall continue to govern the taxation of income arising in that State except where express provision to the contrary is made in this Convention. Where income is subject to tax in both Contracting States, relief from double taxation shall be given in accordance with the following paragraphs of this Article.

2. Tax shall be determined in the case of a resident of Denmark as follows —

- (a) Unless the provisions of sub-paragraph (b) apply, there shall be excluded from the basis upon which Danish tax is imposed any item of income from sources within Singapore which according to this Convention may be taxed in Singapore. Denmark, however, retains the right to take into account in the determination of its rate of tax the items of income so excluded. If, however, Singapore imposes in accordance with the provisions of sub-paragraph (b) of paragraph 3 of Article VI a tax on dividends in addition to the tax chargeable in respect of the profits or income of a company paying such dividends, the first sentence of this sub-paragraph shall only apply to such dividends as are paid to a company which is a resident of Denmark by a company which is a resident of Singapore at least 25 per cent of the share capital of which is owned by the first-mentioned company.
- (b) There shall be allowed as a credit against Danish tax payable in respect of the following items of income from sources within Singapore in the case of —
 - (aa) dividends, if Singapore imposes in accordance with the provisions of subparagraph (b) of paragraph 3 of Article VI, a tax on dividends in addition to the tax chargeable in respect of the profits or income of the company paying such dividends, an amount of 15 per cent of the dividends before deduction of the tax on the dividends;
 - (bb) interest within the meaning of paragraphs 1 and 2 of Article VII, an amount of 15 per cent of the gross amount of the interest received;
 - (cc) profits derived from the operation of ships and aircraft in international traffic within the meaning of paragraph 3 of Article V, the Singapore tax paid thereon.

3. Subject to the provisions of the laws of Singapore regarding the allowance as a credit against Singapore tax of tax payable in any country other than Singapore, Danish tax payable, whether directly or by deduction in respect of income from sources within Denmark, shall be allowed as a credit against Singapore tax payable in respect of that income. Where such income is a dividend paid by a company which is a resident of Denmark, to a resident of Singapore the credit shall take into account (in addition to any Danish tax on dividends) the Danish corporation tax payable in respect of its profits by the company paying the dividends. If, however, Singapore imposes in accordance with the provisions of sub-paragraph (b) of paragraph 3 of Article VI, a tax on dividends in addition to the tax chargeable in respect to the profits or income of a company paying such dividends the second sentence of this sub-paragraph shall apply only to dividends paid by a company which is a resident of Denmark to a company which is a resident of Singapore and which owns directly or indirectly not less than 25 per cent of the share capital in the first-mentioned company.

4. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, a resident of Denmark shall be exempted from Danish tax on royalties and sums exempt from Singapore tax under the provisions of paragraphs 1 and 3 of Article VIII. Denmark, however, retains the right to take into account in the determination of its rate of tax the items of income so excluded.

Article XVIII

1. Citizens 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 citizens of that other Contracting State in the same circumstances are or may be subjected. This provision shall not be construed as obliging a Contracting State to grant to citizens of the other Contracting State not resident in the first-mentioned Contracting State those personal allowances, reliefs and reductions for tax purposes which are by law available to citizens of the first-mentioned Contracting State.

2. The term "citizen" means all individuals possessing the citizenship of one of the Contracting States and all legal persons, partnerships, associations and other entities deriving their status as such from the law in force in that Contracting State.

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 Contracting State than the taxation levied on enterprises of that other Contracting State carrying on the same activities. This provision shall not be construed as obliging either of the Contracting States to

grant to residents of the other Contracting State those personal allowances, reliefs and reductions for tax purposes which are by law available only to residents of the first-mentioned Contracting State.

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 the first-mentioned Contracting State are or may be subjected.

5. In this Article the term "taxation" means taxes which are the subject of this Convention.

Article XIX

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 in force in the Contracting States, present his case to the competent authority of the Contracting State of which he is a resident.

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.

Article XX

The competent authorities of the Contracting States shall exchange such information (being information which is available under their respective taxation laws in the normal course of administration) as is necessary for carrying out the provisions of this Convention or for the prevention of fraud or underpayment of tax by reasons other than fraud or for the administration of statutory provisions against legal avoidance in relation to the taxes which are the subject of

this Convention. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than persons, including a court, concerned with the assessment and collection of those taxes or the determination of appeals in relation thereto. No information shall be exchanged which would disclose any trade secret or trade process or which would be contrary to public policy.

Article XXI

1. This Convention may be extended, either in its entirety or with modifications, to the territories of the Faroe Islands or of Greenland if either territory imposes taxes substantially similar in character to those which are the subject of this Convention. Any such extension shall take effect from such date and subject to such modifications and conditions (including, if necessary, conditions as to the entry into force and termination of such extension) as may be specified and agreed between the Contracting States.

2. The termination of this Convention under Article XXIII 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 XXII

1. This Convention shall come into force on the date when the last of all such things shall have been done in Denmark and Singapore as are necessary to give the Convention the force of law in Denmark and Singapore respectively, and shall thereupon have effect —

(a) in the case of Denmark :

for any tax year beginning on or after 1st April 1968;

(b) in the case of Singapore :

for any year of assessment beginning on or after 1st January 1968.

2. The Contracting States shall notify each other on the completion of the requirements mentioned in paragraph 1.

Article XXIII

This Convention shall continue in force indefinitely but either of the Contracting States may, on or before the 30th day of June in any calendar year not

earlier than 1972, give to the other Contracting State, through diplomatic channels written notice of termination and, in such event, this Convention shall cease to be effective —

(a) in the case of Denmark :

for any tax year beginning on or after 1st April in the calendar year next following that in which such notice is given;

(b) in the case of Singapore :

for any year of assessment beginning on or after 1st January in the calendar year next following that in which such notice is given.

IN WITNESS WHEREOF the undersigned being duly authorised thereto have signed this Convention.

DONE at Singapore, this 7th day of March of the year one thousand nine hundred and sixty-nine in duplicate in the English language.

For the Royal Danish Government :

Kjeld WILLUMSEN

For the Government of the Republic of Singapore :

GOH KENG SWEE
