

No. 11653

**FINLAND
and
FRANCE**

**Convention for the avoidance of double taxation and the prevention
of fiscal evasion with respect to taxes on income and fortune.
Signed at Helsinki on 11 September 1970**

Authentic texts : Finnish and French.

Registered by Finland on 29 March 1972.

**FINLANDE
et
FRANCE**

**Convention tendant à éviter les doubles impositions et à prévenir
l'évasion fiscale en matière d'impôts sur le revenu et sur la
fortune. Signée à Helsinki le 11 septembre 1970**

Textes authentiques : finnois et français.

Enregistrée par la Finlande le 29 mars 1972.

[TRANSLATION — TRADUCTION]

CONVENTION¹ BETWEEN THE GOVERNMENT OF THE
REPUBLIC OF FINLAND AND THE GOVERNMENT
OF THE FRENCH REPUBLIC FOR THE AVOIDANCE
OF DOUBLE TAXATION AND THE PREVENTION OF
FISCAL EVASION WITH RESPECT TO TAXES ON IN-
COME AND FORTUNE

The Government of the Republic of Finland and the Government of the French Republic, desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and fortune,

Have agreed on the following provisions :

Chapter I

SCOPE OF THE CONVENTION

Article 1

PERSONAL SCOPE

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

Article 2

TAXES COVERED

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

2. There shall be regarded as taxes on income and on fortune all taxes imposed on total income, on total fortune, or on elements of income or of fortune, including taxes on gains from the alienation of movable or immovable property, as well as taxes on capital appreciation.

3. The existing taxes to which the Convention shall apply are :

¹ Came into force on 1 February 1972, the first day of the month following the month in which the later of the notifications (dated on 19 April 1971 and 13 January 1972) by which each of the Contracting States notified the other of the completion of the procedures required by its law had been made, in accordance with article 30 (1).

(a) In France :

- (i) The tax on the income of individuals (*l'impôt sur le revenu des personnes physiques*);
- (ii) The complementary tax on the income of individuals (*taxe complémentaire sur le revenu des personnes physiques*);
- (iii) The company tax (*l'impôt sur les sociétés*);
including any withholding tax, prelevy (*précompte*) or advance payment with respect to the aforesaid taxes;
(hereinafter referred to as “ French tax ”);

(b) In Finland :

- (i) The tax on income and fortune (*tulo- ja omaisuusvero*);
- (ii) The communal income tax (*kunnallisvero*);
- (iii) The ecclesiastical tax (*kirkollisvero*);
- (iv) The seamen's tax (*merimiesvero*);
(hereinafter referred to as “ Finnish tax ”).

4. The 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. The competent authorities of the Contracting States shall notify each other of any changes in their respective taxation laws.

5. If, by reason of changes in the taxation law of one of the Contracting States, it appears appropriate to amend any article of the Convention without thereby affecting the general principles of the Convention, the requisite changes may be made by mutual agreement in notes to be exchanged through the diplomatic channel or in any other manner in accordance with their respective constitutional procedures.

Chapter II

DEFINITIONS

Article 3

GENERAL DEFINITIONS

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

(a) The term “ Finland ” means the territory of the Republic of Finland, including any area outside the territorial sea of Finland which is, in accordance with international law and Finnish legislation, an area within which Finland may exercise rights with respect to the sea-bed and subsoil and their natural resources;

The term “ France ” means the European *départements* and overseas *départements* (Guadeloupe, Guiana, Martinique and Réunion) of the French Republic, including any area outside the territorial sea of France which is, in

accordance with international law and French legislation, an area within which France may exercise rights with respect to the sea-bed and subsoil and their natural resources;

(b) The terms “ a Contracting State ” and “ the other Contracting State ” mean Finland or France, as the context requires;

(c) The term “ person ” comprises an individual, a company and any other body of persons;

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

(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 authority ” means :
In the case of Finland, the Ministry of Finance or its authorized representative;
In the case of France, the Minister of Economic Affairs and Finance or his authorized representative.

2. As regards the application of the Convention by a Contracting State, 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 the Convention.

Article 4

FISCAL DOMICILE

1. For the purposes of this Convention, 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 criterion of a similar nature.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then this 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 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 a habitual abode;
- (c) If he has a 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 settle the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1 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 5

PERMANENT ESTABLISHMENT

1. For the purposes of this Convention, the term “ permanent establishment ” means a fixed place of business in which the business 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 construction or assembly project which exists for more than 12 months.

3. The term “ permanent establishment ” shall not be deemed to include :

- (a) The use of facilities solely for the purpose of 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 merchandise, 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 a Contracting State on behalf of an enterprise of the other Contracting State — other than an agent of an independent status to

whom paragraph 6 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 insurance enterprise of a Contracting State shall be deemed to have a permanent establishment in the other Contracting State if, through a representative, it collects premiums in the territory of the last-mentioned State or insures risks situated therein.

6. An enterprise of a 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 any other agent of an independent status, where such persons are acting in the ordinary course of their business.

7. The fact that a company which is a resident of a 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 such property is situated.

2. The term “immovable property” shall be defined in accordance with the taxation 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 used in agriculture and forestry, 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, or the right to work, mineral deposits, sources and other natural resources.

For the purposes of the application of this convention, the said term shall also include shares or corporate rights in a company, being the owner of a building, which carry a right to occupy a part of the building.

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 the income from immovable property of an enterprise and to income from immovable property used for the performance of professional services.

Article 7

BUSINESS PROFITS

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

2. Where an enterprise of a 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 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 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 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 to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment 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 those articles shall not be affected by the provisions of this article.

Article 8

SHIPPING AND AIR TRANSPORT

1. 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.

2. If the place of effective management of a shipping enterprise is aboard a ship, then it shall be deemed to be situated in the Contracting State in which the home harbour of the ship is situated, or, if there is no such home harbour, in the Contracting State of which the operator of the ship is a resident.

Article 9

ASSOCIATED ENTERPRISES

Where

- (a) An enterprise of a 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 a Contracting State 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 10

DIVIDENDS

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State shall be taxable only in that other State.

2. However, dividends paid by a company being a resident of one of the Contracting States to a company being a resident of the other State shall be exempt from taxes in that other State to the extent that, and under the conditions in which, such exemption would be granted under the national laws of the last-mentioned State if both companies were residents of that State.

3. (a) Dividends paid by a company being a resident of France which would entitle the recipient to a tax credit (*avoir fiscal*) if he were a resident of France shall, when paid to individuals or bodies corporate being residents of Finland, entitle the recipient to a payment from the French Treasury in an

amount equal to such tax credit, subject to the deduction — notwithstanding the provisions of paragraph 1 — of a tax of 15 per cent calculated on the basis of the aggregate of the dividend distributed and the payment referred to above.

(b) The provisions of subparagraph (a) shall apply to the following residents of Finland :

- (1) Individuals who are subject to Finnish tax in respect of the aggregate of the dividends distributed by the company being a resident of France and the gross amount of the payment referred to in subparagraph (a) in connexion with such dividends ;
- (2) Companies which are subject to Finnish tax in respect of the aggregate of the dividends distributed by the company being a resident of France and the gross amount of the payment referred to in subparagraph (a) in connexion with such dividends and which hold less than 10 per cent of the capital of the company making the distribution ;
- (3) Investment companies or investment funds, being residents of Finland, more than 80 per cent of whose stock or shares is held by residents of Finland.

(c) The gross amount of the payment referred to in subparagraph (a) shall be regarded as a dividend for the purposes of the application of the provisions of the Convention as a whole.

4. (a) A resident of Finland who receives dividends distributed by a company being a resident of France may, unless he is eligible for the payment referred to in paragraph 3, apply for a refund of any prelevy (*précompte*) paid in respect of such dividends by the company making the distribution.

(b) The gross amount of any prelevy which is refunded shall be regarded as a dividend for the purposes of the application of the provisions of the Convention as a whole.

5. The term “ dividends ” as used in this article means income from shares, *jouissance* shares or *jouissance* rights, mining shares, founders' shares or other rights, not being debt-claims, 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.

6. The provisions of paragraphs 1, 2, 3 and 4 shall not apply if the recipient of the dividends, being a resident of a 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 effectively connected. In such a case, the provisions of article 7 shall apply.

However, the permanent establishment in France of a company which is a resident of Finland shall be eligible for a refund of the prelevy, subject to the deduction of withholding tax calculated at the rate established under French law.

7. Where a company which is a resident of a Contracting State has a

permanent establishment in the other Contracting State, it may be subjected therein to a withholding tax in accordance with the law of that other Contracting State, but such tax shall not exceed 15 per cent of two thirds of the profits of the permanent establishment calculated after payment of the company tax on those profits.

Article 11

INTEREST

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such interest may be taxed in the Contracting State in which it arises, and according to the law of that State, but the tax so charged shall not exceed 10 per cent of the amount of the interest.

Notwithstanding the provisions of the preceding subparagraph, interest on bonds or debentures issued in France before 1 January 1965 may be subjected in that State to a tax of 12 per cent.

3. Notwithstanding the provisions of paragraph 2, interest as referred to in paragraph 1 shall not be taxed in the Contracting State in which it arises if it is paid :

- (a) Under loan agreement or deferred payment contracts relating to sales of industrial, commercial or scientific equipment or to the construction of industrial, commercial or scientific installations or public works;
- (b) On a loan of any kind granted by a banking establishment;
- (c) As a penalty for arrears, following a summons or court proceedings, on a debt-claim for which no interest had been stipulated.

4. 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 as well as all other income assimilated to income from money lent by the taxation law of the State in which the income arises.

5. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the interest, being a resident of a 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 effectively connected. In such a case, the provisions of article 7 shall apply.

6. Interests shall be deemed to arise in a Contracting State when the payer is that State itself, a local authority or a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connexion 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.

7. 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 remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

Article 12

ROYALTIES

1. Royalties arising in a Contracting State 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 a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematographic films, 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 a 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 effectively connected. In such a case, the provisions of article 7 shall apply.

4. 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 law of each Contracting State, due regard being had to the other provisions of this Convention.

Article 13

CAPITAL GAINS

1. Gains from the alienation of immovable property, as defined in article 6, paragraph 2, or from the alienation of shares or comparable interests in a

company of which the assets consist principally of such property 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 a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing professional services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base, may be taxed in the other State. However, gains from the alienation of 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 effective management of the enterprise is situated.

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

Article 14

INDEPENDENT PERSONAL SERVICES

1. Income derived by a resident of a Contracting State 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, the income may be taxed in the other Contracting State but only so much of it as is attributable to that fixed base.

2. The term "professional services" includes, especially, independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

Article 15

DEPENDENT PERSONAL SERVICES

1. Subject to the provisions of articles 16, 18 and 19, salaries, wages and other similar remuneration derived by a resident of a Contracting State 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, remuneration derived by a resident of a Contracting State 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 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 in respect of an employment exercised 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 16

DIRECTORS' FEES

Directors' fees and similar payments derived by a resident of a Contracting State 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 17

ARTISTS AND ATHLETES

1. Notwithstanding the provisions of articles 14 and 15, 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.

2. Notwithstanding any other provision of this Convention, a company of a Contracting State which supplies in the other Contracting State the services of a person covered by paragraph 1, whether he is a resident of a Contracting State or not, may be taxed in that other Contracting State in respect of the profits which it derives from the supply of such services, unless such company shows that it is not controlled directly or indirectly by the person in question.

Article 18

PENSIONS

Subject to the provisions of article 19, paragraph 1, pensions and other 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, including pensions, paid by, or out of funds created by, a Contracting State or a local authority or a public establishment thereof to any individual in respect of services rendered to that State or local authority or

public establishment thereof in the discharge of functions of a governmental nature may be taxed in that State.

2. The provisions of articles 15, 16 and 18 shall apply to remuneration or pensions in respect of services rendered in connexion with any trade or business carried on by one of the Contracting States or a local authority or a public establishment thereof.

Article 20

STUDENTS AND TEACHERS

1. (a) Payments which a student or business apprentice who is or was formerly a resident of a Contracting State and 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.

(b) The same shall apply to any remuneration derived by such a student or business apprentice from an employment exercised in the Contracting State in which he is receiving his education or training, provided that such remuneration is strictly necessary for his maintenance.

2. An individual who is a resident of a Contracting State at the commencement of his visit to the other Contracting State and who is present in the last-mentioned State primarily for the purpose of teaching and/or engaging in research work shall be exempt from tax in the last-mentioned Contracting State, for a period not exceeding two years from the date of his arrival in that State, in respect of the income which he derives from personal services rendered for teaching or research purposes.

This provision shall not apply to income from teaching and research work if such work is undertaken not in the public interest but primarily with a view to securing a particular benefit for a specific person or persons.

Article 21

INCOME NOT EXPRESSLY MENTIONED

Items of income of a resident of a Contracting State which are not expressly mentioned in the foregoing articles of this Convention shall be taxable only in that State.

Chapter IV

TAXATION OF FORTUNE

Article 22

FORTUNE

1. Fortune represented by immovable property, as defined in article 6, paragraph 2, may be taxed in the Contracting State in which such property is situated.

2. Fortune represented by movable property forming part of the business property of a permanent establishment of an enterprise, or by movable property 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 movable 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 fortune of a resident of a Contracting State shall be taxable only in that State.

Chapter V

METHODS FOR ELIMINATION OF DOUBLE TAXATION

Article 23

Double taxation shall be avoided in the following manner :

1. In the case of France :

(a) Income other than that mentioned in subparagraph (b) below shall be exempt from the French taxes mentioned in article 2, paragraph 3 (a), while the income is, under this Convention, taxable in Finland.

(b) As regards income mentioned in articles 11, 16 and 17 which has borne Finnish tax in accordance with the provisions of those articles, France shall allow to a resident of France receiving such income from Finland a tax credit (*crédit d'impôt*) corresponding to the amount of tax levied in Finland.

Such tax credit, not exceeding the amount of tax levied on such income, shall be allowed against taxes mentioned in article 2, paragraph 3 (a), in the bases of which such income is included.

(c) Notwithstanding the provisions of subparagraphs (a) and (b), French tax may be computed on income chargeable in France by virtue of this Convention at the rate appropriate to the total of the income chargeable in accordance with French law.

2. In the case of Finland :

(a) Income and elements of fortune other than those mentioned in subparagraph (b) below shall be exempt from the Finnish taxes mentioned in article 2, paragraph 3 (b), while the income or elements of fortune are, under this Convention, taxable in France.

(b) As regards income mentioned in articles 10, 11, 16 and 17 which has borne French tax in accordance with the provisions of those articles, Finland shall allow to a resident of Finland receiving such income from France a tax credit corresponding to the amount of tax levied in France.

Such tax credit, not exceeding the amount of tax levied on such income, shall be allowed against taxes mentioned in article 2, paragraph 3 (b), in the bases of which such income is included.

(c) Notwithstanding the provisions of subparagraphs (a) and (b), Finnish tax may be computed on income chargeable in Finland by virtue of this Convention at the rate appropriate to the total of the income chargeable in accordance with Finnish law.

Chapter VI SPECIAL PROVISIONS

Article 24

NON-DISCRIMINATION

1. The nationals of a 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 legal persons, 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 a Contracting State 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 Contracting State carrying on the same activities.

This provision shall not be construed as obliging a Contracting State 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.

5. Enterprises of a Contracting State, 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 provisions or any requirement connected therewith which are other or more burdensome than the provisions and connected requirements to which other similar enterprises of that first-mentioned State are or may be subjected.

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

Article 25

PROCEDURE

1. Where a resident of a Contracting State 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.

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 the Convention.

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

5. The competent authorities of the Contracting States shall settle the mode of application of this Convention.

Article 26

EXCHANGE OF INFORMATION

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

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 laws or the administrative practice of that or of the other Contracting State;

- (b) To supply particulars which are not obtainable under the laws or in the normal course of the administration of that 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*).

3. Information shall be exchanged as a matter of routine or on request in connexion with particular cases. The competent authorities of the Contracting States shall establish by mutual agreement the list of classes of information to be communicated as a matter of routine.

Article 27

ASSISTANCE IN COLLECTION

1. The Contracting States agree to lend each other reciprocal assistance and support with a view to the collection, in accordance with the provisions of their own laws, of the taxes to which this Convention applies and of any tax increases, surcharges, overdue payment penalties, interest and costs pertaining to the said taxes, where such sums are finally due under the laws of the requesting State.

2. Requests for assistance shall be accompanied by such documents as are required under the laws of the requesting State as evidence that the sums to be collected are finally due.

3. On receipt of the said documents, writs shall be served and measures of recovery and collection taken in the requested State in accordance with the laws governing the recovery and the collection of its own taxes. Collection orders, in particular, shall be rendered enforceable in the manner laid down by the laws of that State.

4. Tax debts to be recovered shall not be regarded as privileged debts in the requested State.

5. In the case of tax debts still subject to appeal, the creditor State may, in order to safeguard its rights, request the other State to take such interim measures as the laws of the last-mentioned State permit.

Article 28

DIPLOMATIC AND CONSULAR OFFICIALS

1. Nothing in this Convention shall affect the fiscal privileges of members of diplomatic missions and their private servants and members of consular posts under the rules of international law or treaty provisions.

2. The Convention shall not apply to international organizations, to organs and officials thereof or to persons who, being members of a diplomatic or consular mission of a third State, are present in a Contracting State and are

not treated as residents of either Contracting State in respect of taxes on income and fortune.

Article 29

TERRITORIAL EXTENSION

1. This Convention may be extended, either in its entirety or with any necessary modifications, to Overseas Territories of the French Republic which impose taxes substantially similar in character to those to which the Convention 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 or in any other manner in accordance with their constitutional procedures.

2. Unless otherwise agreed by both Contracting States, the denunciation of the Convention by one of them under article 31 shall terminate, in the manner provided for in that article, the application of the Convention to any Territory to which it has been extended under this article.

Chapter VII

FINAL PROVISIONS

Article 30

ENTRY INTO FORCE

1. Each of the Contracting States shall notify the other of the completion of the procedures required by its law for the bringing into force of this Convention. The Convention shall enter into force on the first day of the month following the month in which the later of these notifications is made.

2. The provisions of this Convention shall apply for the first time :

(a) In France :

- (i) As respects, firstly, taxes deducted at the source on dividends and interest, and, secondly, the payments provided for in article 10, paragraphs 3 and 4, to dividends and interest paid on or after the date of entry into force;
- (ii) As respects other taxes on income, to the assessment year 1970 and subsequent years;

(b) In Finland :

- (i) As respects taxes deducted at the source on dividends and interest, to dividends and interest paid on or after the date of entry into force;
- (ii) As respects other taxes on income, to the assessment year 1970 and subsequent years.

3. The entry into force of this Convention shall terminate the Convention

of 25 August 1958 between Finland and France for the Avoidance of Double Taxation and the Establishment of Rules of Reciprocal Administrative Assistance with respect to Taxes on Income and Fortune.

The provisions of that Convention shall cease to apply as from the date on which the corresponding provisions of this Convention enter into force for the first time in accordance with paragraph 2 above.

Article 31

TERMINATION

This Convention shall remain in force until denounced by one of the Contracting States. Either Contracting State may denounce the Convention, through the diplomatic channel, in the first six months of any calendar year after the year 1975. In such event, the Convention shall cease to have effect :

(a) In France :

- (i) As respects, firstly, taxes deducted at the source on dividends and interest, and, secondly, the payments provided for in article 10, paragraphs 3 and 4, to dividends and interest paid after the thirtieth day of June of the calendar year next following that in which notice of termination is given;
- (ii) As respects other taxes on income, for any assessment year subsequent to that in which notice of termination is given.

(b) In Finland :

- (i) As respects taxes deducted at the source on interest, to interest paid after the thirtieth day of June of the calendar year next following that in which notice of termination is given;
- (ii) As respects other taxes on income, for any assessment year subsequent to that in which notice of termination is given.

IN WITNESS WHEREOF the undersigned, duly authorized thereto by their respective Governments, have signed this Convention and have hereto affixed their seals.

DONE at Helsinki, on 11 September 1970, in two original copies, each in the Finnish and French languages, both texts being equally authentic.

For the Government of the Republic of Finland :
VÄINÖ LESKINEN

For the Government of the French Republic :
MAURICE SCHUMANN