

No. 14428

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**FINLAND  
and  
ITALY**

**Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital. Signed at Rome on 4 August 1967**  
**Exchange of notes constituting an agreement amending article 23 of the above-mentioned Convention. Rome, 7 May and 19 June 1971**

*Authentic texts: Finnish and Italian.*

*Registered by Finland on 18 November 1975.*

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**FINLANDE  
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 Rome le 4 août 1967**  
**Échange de notes constituant un accord amendant l'article 23 de la Convention susmentionnée. Rome, 7 mai et 19 juin 1971**

*Textes authentiques : finnois et italien.*

*Enregistrés par la Finlande le 18 novembre 1975.*

[TRANSLATION — TRADUCTION]

CONVENTION<sup>1</sup> BETWEEN FINLAND AND ITALY FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

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 capital imposed on behalf of each Contracting State or of its political sub-divisions or local authorities, irrespective of the manner in which they are levied.

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

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

(a) In the case of Italy:

- (1) the tax on income from land (*imposta sul reddito dei terreni*);
- (2) the tax on income from buildings (*imposta sul reddito dei fabbricati*);
- (3) the tax on income from movable wealth (*imposta sui redditi di ricchezza mobile*);
- (4) the tax on agricultural income (*imposta sul reddito agrario*);
- (5) the progressive supplementary income tax (*imposta complementare progressiva sul reddito complessivo*);
- (6) the company tax (*imposta sulle società*);
- (7) the tax on bonds (*imposta sulle obbligazioni*);
- (8) the tax on dividends (*imposta sui dividendi*);
- (9) the taxes on income imposed by regions, provinces, municipalities and chambers of commerce (*imposte regionali, provinciali, comunali e camerali sul reddito*);

(hereinafter referred to as "Italian tax").

(b) In the case of Finland:

- (1) the national income and capital tax (*tulo-jaomaisuusvero*);
- (2) the communal tax (*kunnallisvero*);
- (3) the church tax (*kirkollisvero*);
- (4) the sailors' tax (*merimiesvero*)

(hereinafter referred to as "Finnish tax").

<sup>1</sup> Came into force on 24 June 1974 by the exchange of the instruments of ratification, which took place at Helsinki, in accordance with article 28.

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. At the end of each year, the competent authorities of the Contracting States shall notify each other of any changes which have been made in their respective taxation laws.

## CHAPTER II. DEFINITIONS

### *Article 3.* GENERAL DEFINITIONS

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

(a) the terms “a Contracting State” and “the other Contracting State” mean the Republic of Finland and the Italian Republic, as the context requires;

(b) the term “person” comprises an individual, a company and any other body of persons (whether or not they have corporate existence);

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

(d) 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;

(e) the term “competent authority” means in Finland, the Ministry of Finance; in Italy, the Ministry of Finance.

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 5 applies—shall be deemed to be a permanent establishment in the first-mentioned State if he has, and habitually exercises in that State, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise.

5. An enterprise of 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.

6. 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. 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 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; 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 ENTERPRISES*

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 participated 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 may be taxed in that other State.

2. However, such dividends may be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the law of that State, but the tax so charged shall not exceed 15 per cent of the gross amount of the dividends. The competent authorities of the Contracting 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, 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.

4. The provisions of paragraphs 1 and 2 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. In such a case, the dividends may be taxed in that other State according to its law.

5. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax

on the dividends paid by the company to persons who are not residents of that other State, or subject 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 11. INTEREST*

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

2. The term "interest" as used in this Article means income from government securities, bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, and debt-claims of every kind 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 a Contracting State when the payer is that State itself, a political subdivision, 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.

4. If, according to Finnish law, interest flowing from Finland to Italy is not subject to taxation in Finland, Italy will not apply its own direct tax on interest arising in Italy and paid to an individual residing in Finland.

The provisions of this paragraph shall not apply if the recipient of the interest has a permanent establishment in Italy. In such a case, the provisions of paragraph 1 shall apply.

#### *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 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 cinematograph films, any patent, trademark, 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. In such a case the royalties shall be taxable in the other Contracting State according to its own laws.

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. Capital gains from the alienation of immovable property, as defined in paragraph 2 of article 6, may be taxed in the Contracting State in which such property is situated.

2. Capital gains from the alienation of movable property may be taxed in the Contracting State of which the alienator is a resident.

3. The provisions of paragraph 2 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 the movable property is attributable to the permanent establishment or fixed base, or 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.

The provisions of paragraph 2 shall also not apply when the alienation of movable goods produces an income of the kind referred to in articles 10, 11 and 12, and this income is taxable according to the provisions of paragraph 4 of article 10, paragraph 1 of article 11 or paragraph 3 of article 12. In such cases the capital gains shall be taxable in the Contracting State where the corresponding income is taxable.

*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 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.

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 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 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 17. ARTISTS AND ATHLETES*

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.

*Article 18. PENSIONS*

Subject to the provisions of paragraph 1 of article 19, 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 political subdivision or a local authority thereof to any individual in respect of services rendered to that State or subdivision or local authority 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 political subdivision or a local authority thereof.

*Article 20. PROFESSORS, TEACHERS AND STUDENTS*

1. 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.

2. Payments which a student or a 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, provided that such payments are made to him from sources outside that other State.

*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 CAPITAL

*Article 22. TAXABLE CAPITAL*

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

2. Capital 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 based 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 capital of a resident of a Contracting State shall be taxable only in that State.

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

## CHAPTER V. METHODS FOR ELIMINATION OF DOUBLE TAXATION

### *Article 23.* EXEMPTION AND CREDIT METHODS

1. Where a resident of a Contracting State derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in the other Contracting State, the first-mentioned State shall, subject to the provisions of paragraph 2, allow as a deduction from the tax on income or from the tax on capital, an amount equal to that part of the income tax or capital tax which is appropriate, respectively, to the income derived or the capital owned in the other Contracting State.

2. Where a resident of a Contracting State derives income which, in accordance with the provisions of articles 10 and 11, may be taxed in the other Contracting State, the first-mentioned State shall allow as a deduction from the tax on the income of that person an amount equal to the tax paid in that other Contracting State. However, such deduction:

- (a) shall not exceed that part of the tax, as computed before the deduction is given, which is appropriate to the income derived from that other Contracting State;
- (b) shall not be granted in Italy if, according to the Italian law, the item of income is not subjected to the tax on income from movable wealth (*imposta sui redditi di ricchezza mobile*).

## 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. 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 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 reduc-

tions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

4. 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 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. In this article the term "taxation" means taxes of every kind and description.

6. The provisions of this article shall not be construed as affecting the imposition in Italy of the tax on companies (*imposta sulle società*) charged according to the Italian laws.

#### Article 25. MUTUAL AGREEMENT 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. In order to be admissible, such application must be submitted within two years from the date of notification or of deduction at the source of the second taxation.

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 or doubts 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.

#### 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 secret and shall be disclosed only to the persons or authorities, including the judicial authorities, 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 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.

*Article 27.* DIPLOMATIC AND CONSULAR OFFICIALS

Nothing in this Convention shall affect the fiscal privileges of diplomatic or consular officials under the general rules of international law or under the provisions of special agreements.

CHAPTER VII. FINAL PROVISIONS

*Article 28.* ENTRY INTO FORCE

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

2. The Convention shall enter into force upon the exchange of instruments of ratification and its provisions shall have effect:

(a) In Italy:

- As to taxes on income, for income arising on or after the first day of January 1966,
- As to taxes on capital, for capital owned on 31 December 1966.

(b) In Finland:

- As to taxes on income, for income accrued on or after the first day of January 1966, or during each taxable period (financial year) ending during or after the calendar year 1966.
- As to taxes on fortune, for capital owned on 31 December 1966, or at the end of each taxable period (financial year) ending during or after the calendar year 1966.

*Article 29.* 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, not earlier than five years after its entry into force, by giving notice of termination at least six months before the end of any calendar year. In such event, the Convention shall cease to have effect:

(a) In Italy:

- As to taxes on income, for income arising on or after the first day of January in the calendar year next following that in which such notice is given.
- As to taxes on capital, for capital owned on the thirty-first day of December in the calendar year next following that in which such notice is given.

(b) In Finland:

- As to taxes on income, for income accrued on or after the first day of January in the calendar year next following that in which such notice is given, or during each taxable period (financial year) ending on or after the first day of January in the calendar year next following that in which such notice is given.
- As to taxes on capital, for capital owned on the thirty-first day of December in the calendar year next following that in which such notice is given, or at

the close of each taxable period (financial year) ending on or after the first day of January in the calendar year next following that in which such notice is given.

IN WITNESS WHEREOF the undersigned have signed the present Convention.

DONE at Rome, on 4 August 1967, in duplicate, in the Finnish and Italian languages, both texts being equally authentic.

For the Government of the Republic of Italy:

A. FANFANI

For the Government of the Republic of Finland:

T. O. VAHERVUORI

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EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT<sup>1</sup> BETWEEN FINLAND AND ITALY AMENDING ARTICLE 23 OF THE CONVENTION OF 4 AUGUST 1967<sup>2</sup> FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

ÉCHANGE DE NOTES CONSTITUANT UN ACCORD<sup>1</sup> ENTRE LA FINLANDE ET L'ITALIE AMENDANT L'ARTICLE 23 DE LA CONVENTION DU 4 AOÛT 1967<sup>2</sup> 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

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[FINNISH TEXT — TEXTE FINNOIS]

Rooma, 7 päivänä toukokuuta 1971

Herra Ministeri,

Minulla on kunnia viitata Suomen ja Italian välillä Roomassa 4 päivänä elokuuta 1967 tehtyyn sopimukseen tulon ja omaisuuden kaksinkertaisen verotuksen ja veron kiertämisen estämiseksi ja ehdottaa, että tämän sopimuksen 23 artiklaan lisätään seuraavan sisältöinen 3 kohta:

”Tämän artiklan 2 kohdan määräysten estämättä ovat Italiassa asuvan yhtiön Suomessa asuvalle yhtiölle maksamat osingot vapaat Suomen verosta siinä laajuudessa kuin nämä osingot olisivat vapaat verosta Suomen lain mukaan, mikäli molemmat yhtiöt olisivat Suomessa asuvia yhtiöitä.”

Jos Italian hallitus hyväksyy edellä olevan ja Teidän Ylhäisyytenne vahvistaman minulle, minulla on kunnia ehdottaa, että tätä kirjettä ja Teidän Ylhäisyytenne vastausta siihen pidettäisiin noottienvaihdolla tehtynä sopimuksena, joka tulee voimaan samanaikaisesti edellä mainitun sopimuksen kanssa sen erottamattomana osana.

Käytän mielihyvin tätä tilaisuutta esittääkseni Teidän Ylhäisyydellenne suurimman kunnioitukseni vakuutuksen.

JORMA VANAMO

<sup>1</sup> Came into force on 24 June 1974, the same day as the Convention which it amends, according to the provisions of the said notes.

<sup>2</sup> See p. 195 of this volume.

<sup>1</sup> Entré en vigueur le 24 juin 1974, le même jour que la Convention qu'il amende, conformément aux dispositions des dites notes.

<sup>2</sup> Voir p. 195 du présent volume.

[TRANSLATION]

Rome, 7 May 1971

Sir,

I have the honour to refer to the Convention between Italy and Finland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and on Capital, concluded at Rome on 4 August 1967, and to propose that there should be added to Article 23 of the Convention itself a third paragraph reading as follows:

“Notwithstanding the provisions of paragraph 2 above, any dividends paid to a company which is a resident of Italy to a company which is a resident of Finland shall be exempt from taxation in Finland, to the extent that such exemption would be granted under Finnish law if both companies were residents of Finland”

If the Italian Government is in agreement with the foregoing and you wish to reply confirming this agreement, I have the honour to propose that this letter and your reply shall constitute an Exchange of Notes which shall enter into force at the same time as the above-mentioned Convention and shall form an integral part of it.

Accept, Sir, etc.

JORMA VANAMO

[TRADUCTION]

Rome, le 7 mai 1971

Monsieur le Ministre,

Me référant à la 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, conclue à Rome entre nos deux pays le 4 août 1967, j'ai l'honneur de proposer que soit ajouté, à l'article 23 de ladite Convention, un troisième paragraphe libellé comme suit :

«Nonobstant les dispositions du paragraphe 2 du présent article, les dividendes versés par une société résidente de l'Italie à une société résidente de la Finlande bénéficier en Finlande de la même exonération fiscale que celle qui est prévue par la loi finlandaise dans le cas où ces deux sociétés sont sises en Finlande.»

Si le Gouvernement italien souscrit à ce qui précède et si Votre Excellence veut bien me le confirmer, je propose que la présente lettre et celle que Votre Excellence m'enverra en réponse constituent un échange de notes qui entrera en vigueur en même temps que la Convention susmentionnée et dont il fera partie intégrante.

JORMA VANAMO

## II

[ITALIAN TEXT — TEXTE ITALIEN]

Roma, 19 giugno 1971

Signor Ambasciatore,

ho l'onore di accusare ricevuta della Sua nota in data 7 maggio 1971 del seguente tenore:

”Ho l'onore di riferirmi alla Convenzione tra l'Italia e la Finlandia per evitare le doppie imposizioni e prevenire le evasioni fiscali in materia di imposte sul reddito e sul patrimonio, conclusa a Roma il 4 agosto 1967, e di proporre che all'articolo 23 della Convenzione stessa venga aggiunto un terzo paragrafo del seguente tenore:

"Nonostante le disposizioni di cui al precedente paragrafo 2, i dividendi pagati da una società residente in Italia ad una società residente in Finlandia saranno esentati da tassazione in Finlandia nella stessa misura prevista dalla legge finlandese per il caso in cui entrambe le società risiedano in Finlandia."

"Se il Governo italiano concorda con quanto precede e se Vostra Eccellenza vorrà darmene conferma, ho l'onore di proporre che questa lettera e quella che Vostra Eccellenza mi invierà risposta costituiscano uno Scambio di Note che entrerà in vigore contemporaneamente alla summenzionata Convenzione, della quale costituirà una parte integrante."

Ho l'onore d'informare Vostra Eccellenza che il Governo italiano concorda in merito a quanto precede.

Vogliam gradire, Signor Ambasciatore, i sensi della mia più alta considerazione.

ALDO MORO

[TRANSLATION]

[TRADUCTION]

Rome, 19 June 1971

Rome, 19 juin 1971

Sir,

I have the honour to acknowledge receipt of your note dated 7 May 1971, which reads as follows:

[*See note I*]

I have the honour to inform you that the Italian Government is in agreement with the foregoing.

Accept, Sir, etc.

ALDO MORO

Monsieur l'Ambassadeur,

J'ai l'honneur d'accuser réception de votre note du 7 mai 1971, libellée comme suit :

[*Voir note I*]

Je suis heureux de vous faire savoir que le Gouvernement italien souscrit à ce qui précède.

Veuillez agréer, etc.

ALDO MORO