

No. 16044

**DENMARK
and
KUWAIT**

Exchange of notes constituting an agreement concerning reciprocal tax exemption in respect of the operation of aircraft in international traffic. Kuwait, 27 November 1976 and 27 February 1977

Authentic text: English.

Registered by Denmark on 30 November 1977.

**DANEMARK
et
KOWEÏT**

Échange de notes constituant un accord relatif à l'exonération d'impôt, sur la base de la réciprocité, en ce qui concerne l'exploitation des aéronefs en trafic international. Koweït, 27 novembre 1976 et 27 février 1977

Texte authentique : anglais.

Enregistré par le Danemark le 30 novembre 1977.

EXCHANGE OF NOTES CONSTITUTING AN AGREEMENT¹
BETWEEN THE GOVERNMENT OF DENMARK AND THE
GOVERNMENT OF KUWAIT CONCERNING RECIPROCAL
TAX EXEMPTION IN RESPECT OF THE OPERATION OF
AIRCRAFT IN INTERNATIONAL TRAFFIC

I

ROYAL DANISH EMBASSY

Excellency,

I have the honour to refer to conversations which have recently taken place between representatives of the Governments of the Kingdom of Denmark and the State of Kuwait concerning reciprocal tax exemption in respect of the operation of aircraft in international traffic. As a result of these conversations, the following understanding has been reached:

1) The Government of the Kingdom of Denmark, in accordance with its relevant laws and regulations, declares, on the basis of reciprocity, that Kuwaiti enterprises engaged in international air traffic are exempt in Denmark from all income taxes and taxes on benefits derived therefrom. This exemption also covers taxes on movable property, including aircraft used by such enterprises.

2) The Government of the State of Kuwait, in accordance with its relevant laws and regulations, declares, on the basis of reciprocity, that Danish enterprises engaged in international air traffic are exempt in Kuwait from all income taxes and taxes on benefits derived therefrom. This exemption also covers taxes on movable property, including aircraft used by such enterprises.

The provisions of this paragraph shall *inter alia*, apply to profits derived by the joint Danish, Swedish and Norwegian air transport consortium Scandinavian Airlines System (SAS), but only in so far profits so derived by Det Danske Luftfartselskab (DDL), the Danish partner of the Scandinavian Airlines System (SAS), are in proportion to its share in that organisation.

3) The exemptions under the provisions of paragraphs 1 and 2 also apply to Danish and Kuwaiti civil aviation enterprises participating in a "pool", joint business, or in an international operating agency engaged in international air traffic. In such a case, the exemption from taxes as provided for under the provisions of paragraphs 1 and 2 shall be applied only with respect to the income and capital constituting the share of a resident or corporation of the Kingdom of Denmark or the State of Kuwait.

4) The term "engaged in international air traffic" relates to the professional transportation of persons or goods by the owner, charterer or lease-holder of an aircraft.

5) The term "Danish enterprises" relates to enterprises engaged in international air traffic whose head offices are located in Denmark and which are run either by physical persons residing in Denmark, and not in Kuwait, or by societies of persons or capital founded in conformity with Danish legislation, having their seat in Denmark, and not in Kuwait, including such societies in which the State or Government of Denmark holds shares.

¹ Came into force on 27 February 1977, the date of the note in reply, in accordance with the provisions of the said notes.

The term "Kuwaiti enterprises" relates to enterprises engaged in international air traffic whose head offices are located in Kuwait, and which are run either by physical persons residing in Kuwait, and not in Denmark, or by societies of persons or capital founded in conformity with Kuwaiti legislation, having their seat in Kuwait and not in Denmark, including such societies in which the State or Government of Kuwait holds shares.

6) The exemption from taxes as provided for in paragraphs 1, 2 and 3 above shall be applicable to income and capital for the taxable periods, taxable years or business years beginning on or after 1 January 1976.

7) Either of the two Governments may terminate this Agreement by giving to the other Government six months prior notice of termination in writing. In such event, the Agreement shall cease to be effective for the taxable periods, taxable years or business years beginning on or after the first day of January next following the expiration of the six-month period.

If Your Excellency would confirm, on behalf of Your Government, that the aforementioned understanding is acceptable to the Government of the State of Kuwait, it is proposed that this Note, together with Your Excellency's Note in reply thereto, shall constitute an agreement on this subject, which shall enter into force on the date of Your Excellency's Note of reply.

I avail myself of this opportunity to renew to Your Excellency the assurances of my highest consideration.

Kuwait, 27.11.1976.

I beg to remain yours sincerely,
PER SKOVGAARD ANDERSEN
Chargé d'affaires a.i. of Denmark

H.E. the Minister for Foreign Affairs
Shakh Sabah Al-Ahmed Al-Jaber Al-Sabah
State of Kuwait

II

MINISTRY OF FOREIGN AFFAIRS
KUWAIT

27th February 1977

Excellency,

I have the honour to refer to your letter dated 27th November 1976, the text of which reads as follows:

[See note I]

In reply, I would like to confirm the acceptance of the Government of the State of Kuwait of the proposals contained therein, and agree that your letter, together with the present reply, shall constitute an agreement between our two Governments on the matter, which shall enter into force on the date of my reply.

Accept, Excellency, the assurances of my highest consideration.

SABAH AL-AHMED AL-JABER AL-SABAH
Minister of Foreign Affairs
of the State of Kuwait

H.E. Per Skovgaard Andersen
Chargé d'affaires a.i.
Royal Danish Embassy
Kuwait
