No. 20777

FRANCE
and
NORWAY

Convention for the avoidance of double taxation, the prevention of fiscal evasion and the establishment of rules of reciprocal administrative assistance with respect to taxes on income and on property (with protocol and additional protocol). Signed at Paris on 19 December 1980

Authentic text: French.

Registered by France on 25 February 1982.

FRANCE
et
NORVÈGE

Convention en vue d'éviter les doubles impositions, de prévenir l'évasion fiscale et d'établir des règles d'assistance administrative réciproque en matière d'impôts sur le revenu et sur la fortune (avec protocole et protocole additionnel). Signée à Paris le 19 décembre 1980

Texte authentique : français.

Enregistrée par la France le 25 février 1982.

[TRANSLATION — TRADUCTION]

CONVENTION[1] BETWEEN THE GOVERNMENT OF THE FRENCH REPUBLIC AND THE GOVERNMENT OF THE KINGDOM OF NORWAY FOR THE AVOIDANCE OF DOUBLE TAXATION, THE PREVENTION OF FISCAL EVASION AND THE ESTABLISHMENT OF RULES OF RECIPROCAL ADMINISTRATIVE ASSISTANCE WITH RESPECT TO TAXES ON INCOME AND ON PROPERTY

The Government of the French Republic and the Government of the Kingdom of Norway,

Desiring to replace by a new agreement the Convention signed in Paris on 22 September 1953 for the avoidance of double taxation, the prevention of fiscal evasion and the establishment of rules of reciprocal administrative assistance with respect to taxes on income and on property,

Have agreed as follows:

CHAPTER I. SCOPE OF THE CONVENTION

Article 1. PERSONAL SCOPE

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

Article 2. TAXES COVERED

1. This Convention shall apply to taxes on income and on capital imposed on behalf of a State or its 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, as well as taxes on capital appreciation.

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

(*a*) In the case of France:

(i) The income tax;

(ii) The company tax;

including any withholding tax, prepayment or advance payment with respect to the aforesaid taxes

(Hereinafter referred to as "French tax");

(*b*) In the case of Norway:

—The national tax on income *(inntektsskatt til staten)*;

[1] Came into force on 10 September 1981, the date of the last of the notifications (effected on 1 September and 10 September 1981) by which the Parties informed each other of the completion of the procedures required by their law, in accordance with article 31 (1).

—The departmental tax on income *(inntektsskatt til fylkeskommunen)*;

—The municipal tax on income *(inntektsskatt til kommunen)*;

—The national tax-equalization dues on income *(fellesskatt til Skattefordelingsfondet)*;

—The national tax on capital *(formuesskatt til staten)*;

—The municipal tax on capital *(formuesskatt til kommunen)*;

—The national tax on income and capital derived from activities of research, extraction and exploitation of submarine petroleum resources and transport by pipelines of hydrocarbons *(skatt til staten vedrørende inntekt og formue i forbindelse med undersøkelse etter og utnyttelse av undersjøiske petroleumsforekomster og dertil knyttet virksomhet og arbeid, herunder rørledningstransport av utvunnet petroleum)*;

—The national tax on the salaries of foreign artistes *(avgift til staten av honorarer som tilfaller kunstnere bossatt i utlandet)*;

—The tax on seamen *(sjømannsskatt)*;

including all withholdings, all prepayments and advance payments on the aforesaid taxes

(Hereinafter referred to as "Norwegian tax").

4. The Convention shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the States shall notify each other of any important changes which have been made in their respective taxation laws.

CHAPTER II. DEFINITIONS

Article 3. GENERAL DEFINITIONS

1. For the purpose of this Convention:

(*a*) The terms "a State" and "the other State" mean, in accordance with the context, France or Norway;

(*b*) The term "person" includes an individual, a company and any other body of persons;

(*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 State" and "enterprise of the other State" mean respectively an enterprise carried on by a resident of a State and an enterprise carried on by a resident of the other State;

(*e*) The term "international traffic" means any transport by a ship or aircraft operated by an enterprise which has its place of effective management in a State, except when the ship or aircraft is operated solely between places in the other State;

(*f*) The term "competent authority" means:

(i) In the case of France, the Minister of the Budget or his authorized representative;

(ii) In the case of Norway, the Minister of Finance and Customs or his authorized representative.

2. As regards the application of the Convention by a State, any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the law of that State concerning the taxes to which the Convention applies.

Article 4. RESIDENT

1. For the purpose of this Convention, the term "resident of a State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature. However, this term does not include any person who is liable to tax in that State in respect only of income from sources in that State or capital situated therein.

2. Where, by reason of the provisions of paragraph 1, an individual is a resident of both States, his status shall be determined as follows:

(*a*) He shall be deemed to be a resident of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident of the State with which his personal and economic relations are closer (centre of vital interests);

(*b*) If the 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 State, he shall be deemed to be a resident of the State in which he has an habitual abode;

(*c*) If he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident of the State of which he is a national;

(*d*) If he is a national of both States or neither of them, the competent authorities of the 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 States, then it shall be deemed to be a resident of a 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 through which the business of an enterprise is wholly or partly carried out.

2. The term "permanent establishment" includes especially:

(*a*) A place of management,

(*b*) A branch,

(*c*) An office,

(*d*) A factory,

(*e*) A workshop and

(*f*) A mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

3. A construction or assembly site shall not constitute a permanent establishment unless its period of operation exceeds 12 months.

4. Notwithstanding the preceding provisions of this article, the term "permanent establishment" shall be deemed not to include:

(*a*) The use of facilities for the sole purpose of storage, display or delivery of goods belonging to the enterprise;

(*b*) The maintenance of goods belonging to the enterprise solely for the purpose of storage, display or delivery;

(*c*) The maintenance of goods belonging to the enterprise solely for the purpose of processing by another enterprise;

(*d*) The use of a fixed place of business solely for the purposes of purchasing goods or collecting information for the enterprise;

(*e*) The use of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;

(*f*) The use of a fixed place of business solely for any combination of activities mentioned in paragraphs (*a*) to (*e*) above, provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

5. Notwithstanding the provisions of paragraphs 1 and 2, where a person — other than an agent of an independent status to whom paragraph 7 applies—is acting on behalf of an enterprise and has, and habitually exercises in one State, an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such a person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

6. An insurance enterprise of a State shall be deemed to have a permanent establishment in the other State if it collects premiums through an agent established therein—other than an agent who already is described as a permanent establishment by virtue of paragraph 5—or insures risks in that territory through that agent.

7. An enterprise shall not be deemed to have a permanent establishment in a State merely because it carries on business in that State through a broker, general commission agent or any other agent of an independent status provided that such persons are acting in the ordinary course of their business.

8. The fact that a company which is a resident of a State controls or is controlled by a company which is a resident of the other 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 derived by a resident of a State from immovable property (including income from agriculture or forestry) situated in the other State may be taxed in that other State.

2. The term "immovable property" shall have the meaning which it has under the law of the 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 national resources; ships and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 shall also 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 income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

5. In determining the income derived from immovable property which a resident of a State possesses in the other State, there shall be allowed as deductions, under the conditions which apply to the residents of that other State, expenses incurred for the maintenance and conservation of that property, including the interest on debts contracted for those same purposes.

Article 7. PROFITS OF ENTERPRISES

1. The profits of an enterprise of a State shall be taxable only in that State unless the enterprise carries on business in the other 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. Subject to the provisions of paragraph 3, where an enterprise of a State carries on business in the other State through a permanent establishment situated therein, there shall in each State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing 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 business 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. No profit shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods for the enterprise.

5. For the purposes of the preceding paragraphs, the profits to be attributed to a permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

6. 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, in international traffic, of ships or aircraft shall be taxable only in the State in which the place of effective management 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 State in which the home harbour of the ship is situated or, if there is no such home harbour, in the State of which the operator of the ship is a resident.

3. The provisions of paragraph 1 shall also apply to profits from participation in a pool, a joint business or an international operating agency.

4. An enterprise shall be deemed to have its place of effective management in the two States if:

(*a*) It is operated by two or more persons who are jointly and indefinitely responsible,

(*b*) One or more of these persons are residents of one of the States and one or more of these persons are residents of the other State, and

(*c*) The effective management of the enterprise is not exercised exclusively in one of the States.

In this case, the taxation of the profits of this enterprise is shared between the two States in the proportion of the persons referred to in subparagraph (*b*).

5. Notwithstanding the provisions of article 2, paragraph 1, the shipping and air transport enterprises whose place of effective management is in Norway and whose ships or aircraft load or unload passengers or cargo in French territory shall not be subject in French territory to the professional tax or to any other tax which may replace it, if they possess in French territory neither an agency nor a branch, even though they may use the services of an intermediary in seeking cargo or in selling tickets.

Similarly, any Norwegian tax corresponding to the professional tax or any other tax which may replace it, shall not be applied to French shipping or air transport enterprises whose ships or aircraft load or unload passengers or cargo in Norwegian territory, under the conditions laid down in the preceding paragraph.

6. As long as this Convention remains in force, the provisions based on the exchange of letters of 2 June 1930 between France and Norway relating to the elimination of the double taxation on profits made by shipping enterprises[1] shall not apply.

Article 9. ASSOCIATED ENTERPRISES

1. Where

(*a*) An enterprise of a State participates directly or indirectly in the management, control or capital of an enterprise of the other State, or

(*b*) The same persons participate directly or indirectly in the management, control or capital of an enterprise of a State and an enterprise of the other 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

[1] League of Nations, *Treaty Series*, vol. CII, p. 27.

made between independent enterprises, then any profits which would, but for those conditions, have accrued to the enterprise, 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 one State to a resident of the other State may be taxed in that other State.

2. However, such dividends may also be taxed in the State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends, the tax so charged may not exceed:

(*a*) If the beneficial owner is a company with shares or limited liability which holds directly or indirectly at least 10 per cent of the capital of the company paying the dividends,

(i) 5 per cent of the gross amount of the dividends, or

(ii) 15 per cent of the gross amount of the dividends distributed by a Norwegian company when the dividends are deductible from the base of the Norwegian State tax;

(*b*) In all other cases, 15 per cent of the gross amount of the dividends.

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

3. (*a*) A resident of Norway who receives dividends from a company resident in France, which would entitle the recipient to a tax credit *(avoir fiscal)* if they were received by a resident of France, shall be entitled to a payment by the French Treasury of an amount equal to that tax credit, subject to the deduction of tax provided for in paragraph 2, (*b*);

(*b*) The provisions of subparagraph (*a*) of this paragraph shall apply only to the following residents of Norway:

(i) Individuals who are subject to Norwegian tax in respect of the aggregate of the dividends distributed by the company resident in France and the gross amount of the payment referred to in subparagraph (*a*) in connection with such dividends;

(ii) Companies which are subject to Norwegian tax in respect of the aggregate of the dividends distributed by the company resident in France and the gross amount of the payment referred to in subparagraph (*a*) in connection with such dividends and which hold directly or indirectly less than 10 per cent of the capital of the company making the distribution;

(iii) Investment companies and investment funds, resident in Norway, not subject to the provisions of subparagraph (ii) of this paragraph, which satisfy the conditions established by common agreement between the competent authorities.

4. Unless he benefits from the payment provided for in paragraph 3, a resident of Norway who receives dividends paid by a company which is a resident of France may obtain reimbursement of the prepayment relating to these

dividends paid, should such be the case, by that company. This reimbursement is taxable in France in accordance with the provisions of paragraph 2.

5. (*a*) 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 which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.

(*b*) The gross payment representing the tax credit referred to in paragraph 3 and the gross sums reimbursed in respect of the prepayment referred to in paragraph 4 which are related to the dividends paid by that company shall also be considered as dividends paid by a company resident in France.

6. The provisions of paragraphs 1 to 4 shall not apply if the beneficial owner of the dividends, being a resident of a State, carries on business in the other State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of article 7 or article 14, as the case may be, shall apply.

7. Where a company which is a resident of a State derives profits or income from the other State, that other State may not impose any tax on the dividends paid by the company, except in so far as such dividends are paid to a resident of that other State or in so far as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or fixed base situated in that other State, nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

8. Notwithstanding any provision of this Convention:

(*a*) Where a company resident in Norway carries on business in France through a permanent establishment situated therein, the profits from this permanent establishment may, after the payment of company tax, be subjected, in conformity with French legislation, to a tax the amount of which may not exceed 5 per cent;

(*b*) Where a company resident in France carries on business in Norway through a permanent establishment situated therein, the profits of this permanent establishment may be subjected, in conformity with Norwegian legislation, to the tax on undistributed profits.

However, if the said French company carries on business exclusively in Norway and if it makes allowances from the legal reserve equivalent at least to those required by Norwegian company legislation, the amount of the tax may not exceed that which would be chargeable to a Norwegian company and its French shareholders, account being taken of the limitations existing in Norwegian fiscal legislation and in Norwegian company legislation as regards the distribution of dividends and the deductibility of such distributions.

Article 11. INTEREST

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

2. However, such interest may also be taxed in the State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest, the tax so charged shall not exceed 10 per cent of the gross amount of the interest.

In derogation of the provisions of the preceding paragraph, the interest on bonds 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, the interest mentioned in paragraph 1 shall be taxable only in the State of which the person receiving the interest is a resident, if that person is the beneficial owner of the interest and if the interest is paid:

(*a*) By virtue of contracts for loans or deferred payment 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 nature granted by a banking establishment;

(*c*) In respect of a delayed indemnity, following a summons or a court action, on a debt for which interest had not been stipulated.

4. The term "interest" as used in this article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as interest for the purpose of this article.

5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a State, carries on business in the other State in which the interest arises, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of article 7 or article 14, as the case may be, shall apply.

6. Interest shall be deemed to arise in a State when the payer is that State itself, a local authority, a body corporate in public law or a resident of that State. Where, however, the person paying the interest, whether he is a resident of a State or not, has in a State a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

7. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, 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 beneficial owner in the absence of such relationship, the provisions of this article shall apply

only to the last-mentioned amount. In such case, the excess part of the payment shall remain taxable according to the laws of each State, due regard being had to the other provisions of this Convention.

Article 12. ROYALTIES

1. Royalties arising in a State and paid to a resident of the other State shall be taxable only in that other State, if the resident is the beneficial owner of the royalties.

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, or works recorded for radio or television broadcasting, 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 beneficial owner of the royalties, being a resident of a State, carries on business in the other State in which the royalties arise, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such cases, the provisions of article 7 or article 14, as the case may be, shall apply.

4. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them or some other person, the amount of royalties, 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 beneficial owner in the absence of such relationship, the provisions of this article shall apply only to the last-mentioned amount. In such cases, the excess part of the payments shall remain taxable according to the laws of each State, due regard being had to the other provisions of this Convention.

Article 13. CAPITAL GAINS

1. Gains derived by a resident of a State from the alienation of immovable property referred to in article 6 and situated in the other State may be taxed in that other State.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a State has in the other State or of movable property pertaining to a fixed base available to a resident of a State in the other State for the purpose of performing independent personal services, including such gains from the alienation of such permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State.

3. In derogation of the provisions of paragraph 2:

(*a*) Gains which a resident of a State derives from the alienation of ships or aircraft operated in international traffic or movable property pertaining to the operation of such ships and aircraft shall be taxable only in that State;

(*b*) Notwithstanding the provisions of subparagraph (*a*), the above gains shall also be taxable in the other State if the place of effective management of the enterprise is situated in that other State.

4. Gains from the alienation of any property other than that referred to in paragraphs 1, 2 and 3 shall be taxable only in the State of which the alienator is a resident.

Article 14. INDEPENDENT PERSONAL SERVICES

1. Income derived by a resident of a State in respect of professional services or other activities of an independent character shall be taxable only in that State, unless that resident has a fixed base regularly available to him in the other State for the purpose of performing his activities. If he has available such a fixed base, the income is taxable in the other State but only so much 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, 19, 20 and 21, salaries, wages and other similar remuneration derived by a resident of a State in respect of paid employment shall be taxable only in that State, unless the employment is exercised in the other 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 State in respect of paid employment exercised in the other 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 a resident of the same State as the recipient, and

(*c*) The remuneration is not paid by a permanent establishment or fixed base which the employer, being a resident of one State, has in the other State.

3. Notwithstanding the preceding provisions of this article, remuneration derived in respect of paid employment exercised aboard a ship or aircraft operated in international traffic may be taxed in the State in which the place of effective management of the enterprise is situated.

However, for enterprises referred to in paragraph 4 of article 8, which have a place of effective management in the two States, the right of taxation shall be exercised by the State in which the operations of general management are effected.

Article 16. DIRECTORS' FEES

1. Directors' fees and other similar payments derived by a resident of a State in his capacity as a member of the Board of Directors of a company which is a resident of the other State may be taxed in that other State.

2. The provisions of paragraph 1 shall apply, in the case of companies resident in France, to remuneration paid to directors *(gérants)* having a majority interest in private limited companies which have not elected to be subject to the tax regulations governing partnerships, and to partners in firms and in special partnerships which have elected to be subject to the tax regulations governing companies.

Article 17. ENTERTAINERS AND ATHLETES

1. Notwithstanding the provisions of articles 14 and 15, the income derived by a resident of a State as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as an athlete, from his personal activities as such exercised in the other State, may be taxed in that other State.

2. Where income in respect of personal activities exercised by an entertainer or an athlete in his capacity as such accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of articles 7, 14 and 15, be taxed in the State in which the activities of the entertainer or athlete are exercised.

3. Notwithstanding the provisions of paragraph 1, the remuneration or profits and the salaries, wages and other similar income which an entertainer or athlete, being resident of a State, derives from his personal activities exercised in the other State, and in that capacity, are taxable only in the first-mentioned State when those activities in the other State are financed in a large proportion by the public funds of the first-mentioned State, of one of its local authorities or of one of its bodies corporate in public law.

4. Notwithstanding the provisions of paragraph 2, if the income from activities personally exercised by an entertainer or athlete in a State is attributed to a person not the artiste or athlete himself, that income, notwithstanding the provisions of articles 7, 14 and 15, may be taxed only in the other State when that other person is financed in a large proportion by public funds of that other State, of one of its local communities or of one of its bodies corporate in public law.

Article 18. PENSIONS

1. Subject to the provisions of paragraph 2 of article 19, pensions and other similar remuneration paid to a resident of a State in consideration of past employment shall be taxable only in that State.

2. Notwithstanding the provisions of paragraph 1, pensions paid and other payments made under the social security legislation of a State shall be taxable only in that State.

Article 19. GOVERNMENT SERVICES

1. Remuneration other than a pension paid by a State or one of its local communities or by one of its bodies corporate in public law to an individual in respect of services rendered to that State, to that community or to that body corporate in public law shall be taxable only in that State.

2. Any pension paid by a State or one of its local authorities, or by one of its bodies corporate in public law, either directly or by prepayment out of funds they have set up to an individual in respect of services rendered to that State,

to that community or to that body corporate in public law is taxable only in that State.

3. The provisions of articles 15, 16 and 18, paragraph 2, shall apply to remuneration and pensions paid in respect of services rendered in connection with an industrial or commercial activity exercised by a State or one of its local communities, or by one of its bodies corporate in public law.

Article 20. STUDENTS

1. Payments which a student or business apprentice who is or was immediately before visiting a State a resident of the other State and who is present in the first-mentioned 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 State, provided such payments arise from sources outside that State.

2. Notwithstanding the provisions of articles 14 and 15, the remuneration which a student or a business apprentice who is or was immediately before visiting a State a resident of the other State and who is present in the first-mentioned State solely for the purpose of his education or training receives in respect of services rendered in the first-mentioned State, shall not be taxable in the first-mentioned State if:

(*a*) These services are related to his education or training and provided that the duration of these services does not exceed one year, or

(*b*) The remuneration for these services is necessary to supplement the resources he has for his maintenance.

Article 21. TEACHERS AND RESEARCHERS

1. The remuneration which a teacher or a researcher who is or was immediately before visiting a State a resident of the other State and who is present in the first-mentioned State for the sole purpose of teaching or conducting research in that State receives in respect of these activities may not be taxed in that State for a period not exceeding two years.

2. The provisions of paragraph 1 shall not apply to remuneration received in respect of research undertaken not in the public interest but mainly for the purpose of achieving a particular advantage benefiting one or more specific persons.

Article 22. OTHER INCOME

1. Items of income of a resident of a State, wherever arising, not dealt with in the foregoing articles of this Convention shall be taxable only in that State.

2. The provisions of paragraph 1 shall not apply to income other than the income arising from immovable property as defined in paragraph 2 of article 6, if the recipient of such income, being a resident of a State, carries on business in the other State through a permanent establishment situated therein or performs in that other State independent personal services from a fixed base situated therein and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of article 7 or of article 14 apply.

CHAPTER IV. TAXATION OF CAPITAL

Article 23. CAPITAL

1. (*a*) Capital represented by immovable property referred to in article 6, owned by a resident of a State and situated in the other State, may be taxed in that other State;

(*b*) Debts guaranteed by mortgage on immovable property which a resident of one State has in the other State are, for the determination of the net value, deductible in that other State under the same conditions as for a resident of that other State.

2. Capital represented by movable property forming part of the business property of a permanent establishment which an enterprise of a State has in the other State or by movable property pertaining to a fixed base available to a resident of a State in the other State for the purpose of performing independent personal services may be taxed in that other State.

3. Capital represented by ships and aircraft operated in international traffic and by movable property pertaining to such operation shall be taxable only in the State in which the profits arising from such operation are taxable in accordance with the provisions of article 8.

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

CHAPTER V. METHODS FOR THE ELIMINATION OF DOUBLE TAXATION

Article 24. METHOD FOR THE ELIMINATION OF DOUBLE TAXATION

Double taxation shall be avoided in the following manner:

1. In the case of France:

(*a*) Income other than that referred to in subparagraph (*b*) below shall be exempt from the French taxes mentioned in subparagraph (*a*) of paragraph 3 of article 2 when this income, by reason of the Convention, is taxable in Norway.

(*b*) The income referred to in articles 10, 11, 13, 14, 16 and 17 arising in Norway is taxable in France, in accordance with the provisions of these articles, in respect of their gross amount. The Norwegian tax levied on this income entitles residents of France to a tax credit corresponding to the amount of the Norwegian tax levied but may not exceed the amount of the French tax relating to this income. This credit is attributable to taxes referred to in subparagraph (*a*) of paragraph 3 of article 2 within the tax bases in which the income in question is included.

(*c*) Notwithstanding the provisions of subparagraphs (*a*) and (*b*), the French tax shall be calculated on the income taxable in France under this Convention at the rate corresponding to the total income taxable in accordance with French laws.

2. In the case of Norway:

(*a*) Where, in accordance with the provisions of this Convention, a resident of Norway is taxable in France on elements of his income or capital not referred

to in paragraph (*b*), the elements of the income or capital are exempt from tax in Norway.

(*b*) Subject to the provisions of subparagraph (*c*), where a resident of Norway receives income taxable in France under articles 10, 11, 16 and 17, Norway shall grant on the tax it levies on this income a deduction equal to the tax paid in France on this same income. The amount of the deduction granted in Norway may not exceed the amount of the Norwegian tax relating to the income already taxed in France.

(*c*) Where a company resident in Norway possesses shares or debentures in a company resident in France, the dividends, including cash distributions and free share distributions, attributed in respect of that participation and which are taxable in France, in accordance with article 10, shall be exempt in Norway from the taxes referred to in article 2, paragraphs 3 and 4, to the extent that such an exemption would be granted if the two companies were resident in Norway.

(*d*) Notwithstanding the provisions of subparagraphs (*a*) and (*b*), the Norwegian tax may be calculated on the income and on the capital taxable in Norway by virtue of this Convention at the rate corresponding to the total amount of the income and capital taxable under Norwegian laws.

CHAPTER VI. SPECIAL PROVISIONS

Article 25. NON-DISCRIMINATION

1. Nationals of a State shall not be subjected in the other 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. This provision shall, notwithstanding the provision of article 1, also apply to persons who are not resident of one or both of the States.

2. The term "nationals" means:

(*a*) All individuals possessing the nationality of a State;

(*b*) All legal persons, partnerships and associations deriving their status from the laws in force in a State.

3. Stateless persons who are residents of a State shall not be subjected in the other 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 the State concerned in the same circumstances are or may be subjected.

4. The taxation on a permanent establishment which an enterprise of a State has in the other 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 State to grant to residents of the other 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. Except where the provisions of paragraph 1 of article 9, of paragraph 7 of article 11, or of paragraph 4 of article 12 apply, interest, royalties and other disbursements paid by an enterprise of a State to a resident of the other

State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State. Similarly, any debts of an enterprise of a State to a resident of the other State, shall, for the purpose of determining the taxable capital of such enterprise, be deductible under the same conditions as if they had been contracted to a resident of the first-mentioned State.

6. Enterprises of a State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other State, shall not be subjected in the first-mentioned 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 State are or may be subjected.

7. The provisions of this article shall, notwithstanding the provisions of article 2, apply to taxes of every kind and description.

Article 26. MUTUAL AGREEMENT PROCEDURE

1. Where a person considers that the actions of one or both States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the State of which he is a resident. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the Convention.

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 a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other State, with a view to the avoidance of taxation which is not in accordance with this Convention. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the States.

3. The competent authorities of the States shall endeavour to resolve by mutual agreement any difficulties to which the implementation of the Convention may give rise. They may also consult together with a view to eliminating double taxation in cases not provided for in the Convention.

4. The competent authorities of the States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs. If oral exchanges of views seem likely to facilitate this agreement, such exchanges of views may take place within a commission composed of representatives of the competent authorities of the States.

5. The competent authorities of the States shall regulate by mutual agreement the modalities for the application of the Convention and in particular the formalities to be accomplished by the residents of one State in order to obtain in the other State the reductions or exemptions from tax provided for by the Convention.

Article 27. EXCHANGE OF INFORMATION

1. The competent authorities of the States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the States concerning taxes covered by the Convention in so far as the taxation thereunder is not contrary to the Convention. The exchange of

information is not restricted by article 1. Any information received by a State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes which are the subject of the Convention. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

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

(*a*) To carry out administrative measures at variance with the laws and administrative practice of that or of the other State;

(*b*) To supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other State;

(*c*) To supply information which would disclose any business, industrial, or professional secret or trade process, or information the disclosure of which would be contrary to public policy *(ordre public)*.

Article 28. ASSISTANCE IN COLLECTION

1. The competent authorities of the States agree to lend each other reciprocal assistance with a view to the collection, in accordance with the provisions of their own laws, of the taxes to which this Convention applies and 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. Sums which are no longer susceptible of recovery are considered as being finally due.

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 its own rules and its domestic administrative practice applicable to the recovery of taxes of an identical or similar nature.

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 request the other State to take such interim measures as its domestic laws permit.

Article 29. DIPLOMATIC AND CONSULAR OFFICIALS

1. Nothing in this Convention shall affect the fiscal privileges of members of diplomatic missions and their domestic staff, members of consular posts and members of permanent delegations either under the general rules of international law or under the provisions of special agreements.

2. Notwithstanding the provisions of article 4, any individual who is a member of a diplomatic mission, a consular post or a permanent delegation of a

State which is situated in the other State or in a third State is considered, for the purposes of this Convention, to be resident of the accrediting State, provided:

(*a*) That in conformity with international law that person is not taxable in the receiving State on income from a source outside that State or on capital situated outside that State and

(*b*) That that person is subjected in the accrediting State to the same obligations in the matter of taxes due to that State as the residents of the said State.

3. The Convention shall not apply to international organizations, to organs and officials thereof and to persons who are members of a diplomatic mission, a consular post or a permanent delegation of a third State, being present in one State and not treated in either State as residents in respect of taxes on income and capital.

Article 30. TERRITORIAL SCOPE

1. This Convention shall apply:

(*a*) In the case of France, to the European and overseas departments of the French Republic and to the zones situated outside the territorial waters of those departments over which, in conformity with international law, France may exercise rights concerning the seabed, the marine subsoil and their natural resources;

(*b*) In the case of Norway, to the territory of the Kingdom of Norway and to the zones adjacent to the territorial waters of the Kingdom of Norway, over which, in conformity with international law and its own legislation, Norway may exercise its rights relating to the exploitation of the natural resources of the seabed and marine subsoil; it shall not apply to Svalbard (Spitzberg) and Jan Mayen and to the Norwegian dependencies outside Europe.

2. This Convention may be extended, either in its entirety or with any necessary modifications, to the 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 modification and conditions, including conditions as to termination, as may be specified and agreed between the States in diplomatic notes or in any other manner in accordance with their constitutional procedures.

3. Unless the two States have agreed otherwise, the denunciation of the Convention by one of them by virtue of article 32 shall also terminate, under the conditions laid down in that article, the application of the Convention to any territory to which it has been extended in conformity with this article.

CHAPTER VII. FINAL PROVISIONS

Article 31. ENTRY INTO FORCE

1. Each of the States shall notify the other of the completion of the procedures required under its legislation for the entry into force of this Convention. It shall enter into force on the day of the last of these notifications.

2. Its provisions shall apply for the first time:

(*a*) In France:

(i) In respect of, firstly, the taxes levied by withholding at source on dividends and interest, and secondly, the payments provided for in article 10, paragraphs 3 and 4, to the sums payable as from 1 January 1981;

(ii) In respect of the other taxes on income, to the income relating to the tax year 1981 or to the financial exercises closed during that year.

(*b*) In Norway:

(i) In respect of the taxes levied by withholding at source, to the sums payable as from 1 January 1981;

(ii) In respect of the other taxes on income, to the income relating to the tax year 1981 or to the financial exercises closed during that year;

(iii) In respect of the tax on capital, to the capital existing on 1 January 1981 or on the first day of the financial exercise beginning during that year.

3. The provisions of the Convention of 22 September 1953 between France and Norway for the avoidance of double taxation and the establishment of rules of reciprocal administrative assistance in the matter of taxes on income and capital shall cease to apply from the date on which the corresponding provisions of this Convention shall apply for the first time.

Article 32. DENUNCIATION

1. This Convention shall remain in force indefinitely. However, after the fifth year from the date of its entry into force, each of the States may, after a minimum notice of six months through the diplomatic channel, denounce it for the end of the calendar year.

2. In that case, its provisions shall apply for the last time:

(*a*) In respect of taxes levied by withholding at source, to the sums payable at the latest on 31 December of the calendar year for the end of which the denunciation has been notified;

(*b*) In respect of the other income taxes, to the income obtained during the calendar year for the end of which the denunciation has been notified or relating to the financial exercise closed during that year;

(*c*) In respect of the tax on capital, for the taxation of the capital existing on 1 January of the year following that during which the notification has taken place or on the last day of the financial exercise closed during the year of the notification.

IN WITNESS WHEREOF, the undersigned, duly authorized for this purpose, have signed this Convention.

DONE at Paris, on 19 December 1980, in two copies, in the French language.

For the Government
of the French Republic:

[*Signed*]

JEAN MEADMORE
Director of French Citizens Abroad

For the Government
of the Republic of Norway:

[*Signed*]

GEORG KRISTIANSEN
Ambassador of Norway in France

PROTOCOL

At the time of the signature of the Convention between the Government of the French Republic and the Government of the Kingdom of Norway for the avoidance of double taxation in respect of taxes on income and on capital, the undersigned have agreed that the following provisions should constitute an integral part of the Convention.

Article I. 1. In respect of paragraph 1, (*e*) of article 3, the term "international traffic" means also any transport effected by container when this transport is merely the extension of a transport operation effected in international traffic.

2. In respect of article 6, income from shares or debentures in a company or a body corporate possessing immovable property situated in a State which, under the legislation of that State, is subject to the same taxation treatment as the income from immovable property, shall be taxable in that State.

3. In respect of paragraphs 1 and 2 of article 7, when an enterprise of one State sells goods or carries on business in the other State through a permanent establishment situated therein, the profits of this permanent establishment shall not be calculated on the basis of the total amount received by the enterprise but shall be calculated solely on the basis of the remuneration attributable to the real business of the permanent establishment for these sales or for this business.

In the case of contracts for the study, supply, installation or construction of industrial, commercial or scientific equipment or establishments, or public works, when the enterprise has a permanent establishment, the profits of this permanent establishment shall not be determined on the basis of the total amount of the contract, but shall be determined solely on the basis of that part of the contract which is effectively executed by this permanent establishment in the State where this permanent establishment is situated. The profits relating to the part of the contract which is executed by the headquarters of the enterprise shall be taxable only in the State of which that enterprise is a resident.

4. For the application of articles 8, 13, 23 and 26, the Scandinavian Airlines System (SAS) shall be considered to be a resident of Norway to the extent that the income and property covered by the Convention are taxable in Norway. For the application of article 15, paragraph 3, the remuneration paid by the Scandinavian Airline System (SAS) shall be taxable in the Contracting State of which the beneficiaries are residents.

5. (*a*) In respect of article 13, the gains arising from the alienation of shares, rights or participations in a company or body corporate possessing immovable property situated in a State which, under the legislation of that State, are subject to the same taxation treatment as the gains derived from the alienation of immovable property, shall be taxable in that State.

(*b*) Notwithstanding the provisions of paragraph 4 of article 13, the gains arising from the alienation of *jouissance* shares or rights forming part of a substantial participation in the capital of a joint stock company or a limited liability company which is resident of a State shall be taxable in that State and under the legislation of that State, when the gains are obtained by an individual who is a resident of the other State, provided, however, that this individual:

—Is a national of the first-mentioned State without being a national of the other State, and

—Has been a resident of the first-mentioned State for any period during the five years preceding the alienation.

A substantial participation shall be deemed to exist when the alienator, alone or with associates or partners, owns directly or indirectly, *jouissance* shares or rights the total of which entitles him to 25 per cent or more of the profits of the company.

6. In respect of article 23, the elements of capital representing shares or debentures in a company or body corporate possessing immovable property situated in a State which, under the legislation of that State, is subject to the same taxation treatment as immovable property, shall be taxable in that State.

7. In respect of article 25:

(*a*) In the case of France:

(i) Nothing in paragraph 1 may be interpreted as preventing France from granting only to persons of French nationality the benefit of exemption of the gains derived from the alienation of immovable property or parts of immovable property constituting the residence in France of citizens who are not domiciled in France, such as is provided for in article 150 *c* of the General Tax Code; and

(ii) Nothing in paragraph 5 may be interpreted as preventing France from applying the provisions of article 212 of the General Tax Code with regard to interest paid by a French company to a foreign parent company.

(*b*) In the case of Norway: Nothing in the provisions of this article may be interpreted as requiring Norway to grant to persons of French nationality the exceptional tax reduction which is granted to Norwegian nationals, except in the cases provided for in the application of section 22 of the Norwegian fiscal legislation.

Article II. This Protocol shall remain in force as long as the Convention signed this day between the Government of the French Republic and the Government of the Kingdom of Norway for the avoidance of double taxation and the prevention of fiscal evasion and the establishment of rules of reciprocal administrative assistance in the matter of taxes on income and on capital remains in force.

IN WITNESS WHEREOF the undersigned, duly authorized for this purpose, have signed this Protocol.

DONE at Paris, on 19 December 1980, in two copies in the French language.

For the Government of the French Republic:	For the Government of the Kingdom of Norway:
[JEAN MEADMORE]	[GEORG KRISTIANSEN]

ADDITIONAL PROTOCOL

MARINE ACTIVITIES

At the time of the signature of the Convention between the Government of the French Republic and the Government of the Kingdom of Norway for the

avoidance of double taxation in the matter of taxes on income and on capital, the undersigned have agreed that the following provisions constitute an integral part of the Convention.

Notwithstanding any other provision of the Convention:

1. A person who is a resident of a State and who carries on marine activities in relation to the exploration or the exploitation of the seabed, marine subsoil or their natural resources in zones situated, in conformity with international law, under the jurisdiction of the other State, shall, subject to paragraphs 2 and 3 of this Protocol, be deemed to be carrying on an activity in that other State through a permanent establishment or a fixed base situated therein.

2. The provisions of paragraph 1 shall not apply when the said activities are exercised for a period not exceeding a total of 30 days during a 12-month period.

However, for the application of this paragraph:

(*a*) The activities carried on by an enterprise associated with another enterprise shall be deemed to be carried on by the enterprise with which it is associated if the activities in question are fundamentally identical to those exercised by the last-mentioned enterprise;

(*b*) Two enterprises shall be deemed to be associated if one of them is placed directly or indirectly under the control of the other, or if both are placed directly or indirectly under the control of one or more third persons.

3. The profits which a resident of a State derives from the transport of supplies to the place in which are carried on in zones situated, in conformity with international law, under the jurisdiction of a State activities relating to the exploration or the exploitation of the seabed, the marine subsoil and their natural resources, or the operation of tugboats and similar vessels in relation to such activities, shall be taxable only in the State in which the place of effective management of the enterprise is situated.

4. Subject to the provisions of paragraphs 5 and 6 of this Protocol, the salaries, wages and other similar remuneration which a resident of a State receives in respect of paid employment linked to the exploration or exploitation of the seabed, the marine subsoil and their natural resources in zones situated, in conformity with international law, under the jurisdiction of the other State shall be taxable only in that other State, to the extent that such employment is exercised in the marine zones situated, in conformity with international law, under the jurisdiction of that other State, for a period exceeding a total of 30 days during a 12-month period.

5. Notwithstanding the other provisions of the Convention, the remuneration obtained in respect of paid employment by a resident of a State shall be taxable only in that State when that person carries on his activity, on behalf of an enterprise which is a resident of one of the two States, in relation to any deposit which is explored or exploited both in the zone over which one of the two States may exercise rights concerning the exploitation of the seabed, the marine subsoil and its national resources and in the adjacent zones. The modalities for the application of this provision shall be agreed in an exchange of letters between the competent authorities of the two States.

6. Subject to the provisions of paragraph 4 of this Protocol, the remuneration which a resident of a State receives in respect of paid employment exercised

on board a ship or aircraft employed for the transport of supplies to the place in which are carried on in zones situated, in conformity with international law, under the jurisdiction of a State activities relating to the exploration or exploitation of the seabed, the marine subsoil and their natural resources, or in respect of employment exercised on board a tugboat or similar vessel in relation to such activities, shall be taxable only in the State of which the person deriving the benefits of the operation of the ship or aircraft is a resident.

7. When a resident of a State receives income which, in accordance with the provisions of this Protocol, is taxable in the other State, the first-mentioned State may tax this income but shall grant, on the tax which it levies on this income, a deduction of an amount equal to the tax paid in that other State. This deduction may not, however, exceed the part of the tax calculated, before the deduction, corresponding to this income taxable in the other State.

8. This additional Protocol shall remain in force as long as the Convention signed this day between the Government of the French Republic and the Government of the Kingdom of Norway for the avoidance of double taxation, the prevention of fiscal evasion and the establishment of rules of reciprocal administrative assistance in the matter of taxes on income and capital remains in force.

IN WITNESS WHEREOF the undersigned, duly authorized for this purpose, have signed this additional Protocol.

DONE in Paris, on 19 December 1980, in two copies in the French language.

For the Government of the French Republic:

[JEAN MEADMORE]

For the Government of the Kingdom of Norway:

[GEORG KRISTIANSEN]