

No. 21869

**UNION OF SOVIET SOCIALIST REPUBLICS
and
SWEDEN**

**Agreement for the avoidance of double taxation on income
and fortune. Signed at Moscow on 13 October 1981**

Authentic texts: Russian and Swedish.

Registered by the Union of Soviet Socialist Republics on 18 April 1983.

**UNION DES RÉPUBLIQUES SOCIALISTES
SOVIÉTIQUES
et
SUÈDE**

**Accord visant à éviter la double imposition du revenu et de
la fortune. Signé à Moscou le 13 octobre 1981**

Textes authentiques : russe et suédois.

Enregistré par l'Union des Républiques socialistes soviétiques le 18 avril 1983.

[TRANSLATION — TRADUCTION]

AGREEMENT¹ BETWEEN THE GOVERNMENT OF THE UNION OF SOVIET SOCIALIST REPUBLICS AND THE GOVERNMENT OF THE KINGDOM OF SWEDEN FOR THE AVOIDANCE OF DOUBLE TAXATION ON INCOME AND FORTUNE

The Government of the Union of Soviet Socialist Republics and the Government of the Kingdom of Sweden,

Confirming their desire, in accordance with the Final Act of the Conference on Security and Co-operation in Europe, signed at Helsinki on 1 August 1975,² to develop and deepen economic, industrial, technical, scientific and cultural co-operation,

Have, for the purpose of avoiding double taxation, decided to conclude this Agreement and have agreed as follows:

Article 1. PERSONS COVERED BY THE AGREEMENT

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

2. For the purposes of this Agreement the term “person who is a resident of one Contracting State” means a body corporate, a company or any association that is liable to taxation there because its place of actual management is situated there or because it was established in accordance with the laws of that Contracting State, and also an individual who for taxation purposes is deemed to be a resident of that Contracting State.

3. Where, under the provisions of paragraph 2 of this article, an individual is deemed to be a resident of both Contracting States, his domicile shall be determined in the following manner:

- (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 such a home 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 Contracting State in which he has his centre of vital interests cannot be determined, or if he has no permanent home available to him in either Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;
- (c) If he has an habitual abode in both Contracting 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 both Contracting States consider him to be a national of theirs or if he is not considered to be a national of either of them, the competent authorities of the Contracting States shall settle the question in accordance with the procedures specified in article 20 of this Agreement.

¹ Came into force on 3 December 1982, i.e., 30 days after the date of the last of the notifications by which the Contracting Parties informed each other in writing (on 23 June and 3 November 1982) by diplomatic channels of the completion of the required constitutional procedures, in accordance with article 21.

² *International Legal Materials*, vol. 14 (1975), p. 1292 (American Society of International Law).

4. Where, under the provisions of paragraph 2 of this article, a person other than an individual is a resident of both Contracting States, it shall be deemed to be a resident of the Contracting State in which its place of actual management is situated.

Article 2. TAXES COVERED BY THE AGREEMENT

1. This Agreement shall apply to taxes on income and fortune imposed under the laws of each Contracting State, irrespective of the manner in which they are levied:

(a) In the case of the USSR:

Income tax on foreign bodies corporate, the tax on population income, the agricultural tax, the tax on owners of buildings and the land tax;

(b) In the case of Sweden:

The State income tax, including the coupon tax, the seaman's tax, the licence tax for certain public performances ("*artistskatt*"), the communal income tax and the State tax on fortune.

2. This Agreement shall also apply to taxes and charges which are substantially similar to those specified in paragraph 1 of this article and which, after the signature of this Agreement, are imposed in addition to, or in place of, the existing taxes and charges.

Article 3. SOME GENERAL DEFINITIONS

1. The following terms, used in this Agreement, shall have the meanings given below:

(a) The term "Contracting State" means the Union of Soviet Socialist Republics (USSR) or the Kingdom of Sweden (Sweden) as the context requires and, when used in a geographical sense:

- The territory and territorial waters of the Contracting State concerned;
- The sea-bed and subsoil of the submarine areas adjacent to the coast of the Contracting State concerned, but beyond the territorial waters of that State, over which the Contracting State exercises sovereign rights, in accordance with international law, for the purpose of exploration for and exploitation of the natural resources of such areas;

(b) The term "international transport" means transport by a seagoing or river vessel, aircraft, railway or road vehicle, except in cases where the transport operation is effected solely between points in the territory of one Contracting State;

(c) The term "competent authority" means:

- In the case of the USSR, the Ministry of Finance of the USSR or its authorized representative;
- In the case of Sweden, the Minister for the Budget or his authorized representative.

2. In the application of this Agreement by a Contracting State, any term not defined in the Agreement shall, unless the context requires otherwise, be considered to have the meaning which it has under the laws of that State, and particularly its tax laws.

Article 4. INCOME FROM A REPRESENTATION

1. Income earned by a person who is a resident of one Contracting State from commercial activity in the other Contracting State shall be taxable only in that other

State and only if the income is derived through a representation in that State. Such taxation may, however, apply only to the portion of income attributable to activities carried on by the representation.

In the determination of the income of a representation, there shall be allowed as deductions from earnings such expenses as are connected with the performance of its activity, including executive and general administrative expenses, whether the expenses arise in the State in which the representation is situated or elsewhere.

2. For the purposes of this Agreement, the term "representation" means any permanent establishment through which a person who is a resident of one Contracting State carries on activities in the other Contracting State.

3. The following types of activity shall be deemed not to be carried on through a representation:

- (a) The purchase of goods and merchandise and the storage of goods and the handling and delivery of goods and merchandise in connection therewith;
- (b) The demonstration of goods and products, the display of exhibits at exhibitions and activities in connection with the sale thereof upon termination of the exhibition;
- (c) The performance of advertising activities, the collection or dissemination of information, market research or other similar activities of a preparatory or auxiliary nature;
- (d) Planning, construction and research work (including joint work), engineering, testing of goods, machinery and equipment and technical servicing of machinery and equipment, if such servicing is of a preparatory or auxiliary nature;
- (e) The performance of several of the aforesaid types of activity, provided that the activity is primarily of a preparatory or auxiliary nature;
- (f) The performance of other types of activity of a preparatory or auxiliary nature.

4. A person who is a resident of one Contracting State shall not be deemed to perform an activity through a representation in the other Contracting State merely because he carries on his activity in the other Contracting State through a broker, general commission agent or other agent of independent status, provided that the activity does not conflict with the normal commercial activity of such broker, general commission agent or other agent.

5. For the purpose of applying this Agreement, Soviet foreign trade organizations shall be deemed to perform the functions of a broker or general commission agent for Soviet industrial enterprises and organizations in purchasing goods and services from foreign suppliers. A Swedish enterprise which sells goods to a Soviet foreign trade organization shall be deemed to perform such activity through a broker, general commission agent or other agent of independent status.

6. For the purpose of applying this Agreement, the fact that a person who is a resident of one Contracting State controls or is controlled by a person who is a resident of the other Contracting State or of a third State shall not be deemed to give grounds for considering one of them to be a representation of the other.

7. The provisions of this article shall not affect the tax exemptions provided for in other articles of this Agreement.

Article 5. INCOME FROM CONSTRUCTION, BUILDING AND ASSEMBLY WORK

1. Income derived by a person who is a resident of one Contracting State from the performance of construction, building and assembly work in the other Contract-

ing State shall be taxable only in the first-mentioned Contracting State, if the work is carried out over a period not exceeding 18 months.

If the work continues for more than 18 months, the income shall be taxable only in the other Contracting State. The competent authorities of the Contracting States may, however, in special cases agree that income from work carried on over a period exceeding 18 months shall be taxable only in the first-mentioned Contracting State.

2. Works of a preparatory nature and guarantee work carried out over a period not exceeding 12 months after the completion of the construction, building or assembly work, shall, for the purpose of applying paragraph 1 of this article, not be counted in determining whether or not the work was carried on over a period exceeding 18 months.

Article 6. INCOME FROM INTERNATIONAL TRANSPORT OPERATIONS

1. Income derived by a person who is a resident of one Contracting State from international transport operations shall be taxable only in that State.

2. The provisions of paragraph 1 of this article shall also apply to income derived from participation in a pool, a joint enterprise or an international transport organization.

Article 7. INCOME FROM COPYRIGHT AND LICENCES

1. Payments on the basis of copyright and licences received from a source in one Contracting State by a person who is a resident of the other Contracting State shall be taxable only in that other State.

2. The payments referred to in paragraph 1 of this article shall include all amounts paid as consideration for the use of or right to use:

- (a) Copyright to scientific, literary and artistic works;
- (b) Inventions (whether protected or not protected by a patent or inventor's certificate) and efficiency improvement proposals;
- (c) Industrial designs and designs for general use;
- (d) Trademarks and service marks;
- (e) Trade names and other similar rights;
- (f) Computer programmes;
- (g) Tapes, gramophone records and other objects for sound reproduction;
- (h) Tapes and films used for radio and television broadcasts and film showings;
- (i) Experience, technical knowledge and secret manufacturing processes (know-how).

3. The provisions of this article shall also apply to remuneration for:

- (a) The use of or the right to use individual samples of industrial, commercial or scientific equipment or other scientific or technical facilities, if such remuneration is connected with the use or right of use provided for in this article;
- (b) The performance of technical services, if such remuneration is connected with the use or right of use provided for in this article.

Article 8. DIVIDENDS

1. Dividends paid by a person who is a resident of one Contracting State to a person who is a resident of the other Contracting State may be taxed in the first-

mentioned Contracting State, provided that the tax does not exceed 15 per cent of the gross amount of the dividends.

2. The term “dividend” means income from stock or other similar securities and any other payment which, under the laws of the State of which the person making the payment is a resident, is treated for tax purposes as income from stock.

Article 9. INTEREST

1. Interest paid from a source in one Contracting State to a person who is a resident of the other Contracting State shall be taxable only in that other State.

2. The term “interest” refers to income from loans, including State loans, bank deposits, promissory notes and other income which, under the laws of the State of which the person paying the interest is a resident, is treated for taxation purposes as interest.

Article 10. INCOME FROM IMMOVABLE PROPERTY

1. Income from immovable property belonging to a person who is a resident of one Contracting State and which is situated in the other Contracting State shall be taxable only in that other State.

2. The term “immovable property” shall, for the purposes of this Agreement, be defined in accordance with the law of the Contracting State in which the property is situated.

3. The provisions of paragraph 1 of this article shall apply to income derived from the direct use, letting or use in any other form of immovable property.

Article 11. INCOME DERIVED FROM THE ALIENATION OF PROPERTY

1. Income derived by a person who is a resident of one Contracting State from the alienation of immovable property situated in the other Contracting State shall be taxable only in that other State.

2. Income derived from the alienation of movable property, belonging to a representation maintained by a person who is a resident of one Contracting State in the other Contracting State, shall be taxable only in that other State.

3. Income derived from the alienation of property other than that referred to in paragraphs 1 and 2 of this article shall be taxable only in the Contracting State of which the alienator is a resident.

Article 12. WAGES, SALARIES AND OTHER SIMILAR REMUNERATION

1. Wages, salaries and other similar remuneration received by an individual who is a resident of one Contracting State for activities carried on in the other Contracting State and which are not exempt from taxation there under paragraph 2 of this article or under other articles of this Agreement shall be taxable only in that other State and only if such individual has been present there for a period or periods aggregating more than 183 days in the calendar year or, in the case of technical specialists, 365 days in the course of two successive calendar years.

2. The following income derived by an individual who is a resident of one Contracting State shall be taxable only in that State:

(a) Income derived from work in the other Contracting State directly connected with construction, building or assembly work which, under the provisions of article 5 of this Agreement, may not be taxed in the other Contracting State;

- (b) Income derived by a person who is temporarily present in the other Contracting State at the invitation of a governmental agency or institution or educational or research institution in that Contracting State for the purpose of teaching, engaging in research or participating in scientific, technical or professional conferences or for the purpose of implementing intergovernmental co-operation programmes; this, however, shall apply only if the income is derived from an activity specified in this subparagraph. The provisions of this subparagraph shall not apply where the activity in question is undertaken primarily for the private benefit of such a person;
- (c) Scholarships or fellowships for students, for undergraduate and postgraduate university students or for trainees who are temporarily present in the other Contracting State for the purpose of education or in order to acquire specialized experience, and other funds from sources outside that other State, if the recipient receives the funds for his maintenance, for his instruction or in order to gain experience in a specialized field. Benefits under this subparagraph shall be granted only for the period of time necessary to achieve the purpose of the visit, but not for any period exceeding six years;
- (d) Remuneration for such a person who is temporarily present in the other Contracting State as a journalist or press, radio or television correspondent, if the remuneration is paid from a source outside that other State. Benefits under this subparagraph shall be granted only for a period not exceeding three years;
- (e) Wages and salary paid to such a person for work on means of transport used by a Contracting State or by a person who is a resident of that State in international transport operations and wages or salary paid to such a person for work at a representation belonging to a person engaged in such transport operations if the remuneration received by such person for the work is directly connected with activities pertaining to such transport operations. Wages or salary for work carried out on board a vessel engaged in international traffic shall, however, be taxable only in the Contracting State of which the person performing the transport operations is a resident;
- (f) Wages or salary paid to such a person for work at a representation belonging to a tourist organization, if the recipient is a national of the Contracting State in which the tourist organization is domiciled. Tax exemptions under this subparagraph shall, however, not be granted if the tourist organization engages in commercial activities through such a representation;
- (g) Remuneration paid to such a person for guest performances and other public performances;
- (h) Remuneration paid to such a person in the form of prizes, awards or other rewards for winning or participating in sporting and other contests;
- (i) Amounts paid to such a person as compensation for personal injury.

3. An individual temporarily present in one Contracting State for the purpose of engaging in an activity of the kind referred to in paragraph 2 of this article and who immediately prior to the visit was a resident of the other Contracting State shall, for the purpose of applying this Agreement, not be deemed to have lost his domicile in the other State by reason of his temporary presence in the first-mentioned Contracting State.

4. For the purpose of applying subparagraphs 2 (a), (c) and (d) of this article, taxes may be imposed on income earned by the individuals mentioned therein as

from the day following the expiry of the time-limits referred to in those subparagraphs.

Article 13. WAGES, SALARIES AND PENSIONS PAID BY THE STATE

1. Wages, salaries and other similar remuneration received by a national of one Contracting State for the performance of services for that State or for an institution belonging to that State shall be taxable only in that State. The question whether the services shall be deemed to be performed for that State or for an institution belonging to that State shall be determined in accordance with the laws of that State. A person working for an organization engaged in a commercial activity, such as an employee or representative of a Soviet foreign trade organization or an employee or representative of a Swedish commercial organization, shall be deemed not to perform services for the Soviet or the Swedish State.

2. Pensions, allowances and other similar remuneration received by a national of one Contracting State for previously performed services of the kind referred to in paragraph 1 of this article and pensions and allowances paid under the social insurance laws of that Contracting State shall be taxable only in that State.

Article 14. OTHER INCOME

Income not dealt with in the foregoing articles of this Agreement and derived by a person who is a resident of one Contracting State from a source in the other Contracting State shall be taxable only in the first-mentioned State.

Article 15. FORTUNE

1. Immovable property owned by a person who is a resident of one Contracting State and which is situated in the other Contracting State shall be taxable only in that other State.

2. Movable property belonging to a representation maintained by a person who is a resident of one Contracting State in the other Contracting State shall be taxable only in that other State.

3. All other property owned by a person who is a resident of a Contracting State shall be taxable only in that State.

Article 16. DIPLOMATIC AND CONSULAR MISSIONS AND THEIR STAFF

1. The provisions of this Agreement shall not affect the tax privileges accorded to diplomatic and consular missions and other comparable institutions and organizations belonging to the Contracting States and their staff and family members in accordance with the general rules of international law or the provisions of special intergovernmental agreements.

2. The provisions of paragraph 1 of this article shall also apply to representatives on official business for the Contracting States, members of Parliamentary and governmental delegations from the Contracting States and to persons serving on delegations from the Contracting States who are visiting the USSR or Sweden in order to take part in negotiations or in international conferences and meetings or on other official business.

Article 17. PROHIBITION OF DISCRIMINATION

1. Nationals of one Contracting State may not be subjected in the other Contracting State to any taxation which is higher or more burdensome than the taxation to which nationals of that other State are subjected in the same circumstances.

2. A national of one Contracting State who is a resident of the other Contracting State or a representation established by a person who is a resident of one Contracting State in the other Contracting State may not be subjected in that other State to higher taxes or charges than those normally imposed in that other State on a national or a representation of a person who is a resident of a third State carrying on the same activities.

3. The provisions of paragraph 2 of this article shall not be construed as obliging either Contracting State to grant to a national or a representation of a person who is a resident of the other Contracting State such tax benefits as are afforded to a national or a representation of a third State under a special agreement between the first-mentioned Contracting State and that third State.

Article 18. Special provisions

The provisions of this Agreement shall not affect earlier agreements in force between the Contracting States and dealing with taxation matters. Where the present Agreement provides for more favourable treatment of the taxpayer, however, the present Agreement shall apply.

Article 19. EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall, upon request, exchange such information as is necessary for the application of the tax regulations in this Agreement. Information received by a Contracting State shall be treated as secret and may be disclosed only to persons or authorities dealing with questions concerning the implementation of this Agreement.

2. The provisions of paragraph 1 of this article shall in no case 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 administrative practice of that State or of the other Contracting State;
- (b) To supply particulars which are not obtainable under the laws or according to the administrative practice of that State or of the other Contracting State;
- (c) To supply information which would disclose any commercial, industrial or professional secret or other information the disclosure of which would be contrary to public policy.

3. The competent authorities of the Contracting States shall, as necessary, exchange information concerning changes in the tax laws of their respective States.

4. The information and material referred to in this article may be used only for purposes connected with the implementation of this Agreement.

*Article 20. PROCEDURE FOR THE SETTLEMENT OF DISPUTES ARISING
IN THE APPLICATION AND INTERPRETATION OF THE AGREEMENT*

1. Where a person who is a resident of one Contracting State considers that he has been or could be taxed in a manner not in accordance with this Agreement, he may present his case to the competent authority of one of the Contracting States notwithstanding the remedies provided by the laws of the Contracting States. The case

shall be presented within two years from the date on which the person concerned was informed of the measures giving rise to taxation not in accordance with the provisions of this Agreement.

2. If the competent authority to which the case is presented finds the objection to be justified but considers that it cannot arrive at a satisfactory solution without consulting the competent authority of the other Contracting State, the two authorities shall jointly seek to resolve the case by agreement with a view to avoiding taxation conflicting with this Agreement. The agreement so reached shall be implemented notwithstanding any time-limits prescribed in the laws of the Contracting States.

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

Article 21. ENTRY INTO FORCE OF THE AGREEMENT

1. The Contracting States shall notify each other in writing through the diplomatic channel of the completion of the measures required under the legislation of each State for the entry into force of the Agreement.

2. The Agreement shall enter into force 30 days after the date of the last such notification under paragraph 1 of this article and its provisions shall apply to income earned as from 1979 and to fortune assessed as from 1980.

Article 22. TERMINATION OF THE AGREEMENT

This Agreement shall remain in force for an indefinite period but either Contracting State may, not later than 30 June in any calendar year but not earlier than three years after the date of the entry into force of the Agreement, denounce the Agreement through the diplomatic channel by giving notice in writing to the other Contracting State. In such event the Agreement shall cease to have effect in respect of income earned as from the calendar year following the year in which denunciation takes place and in respect of taxes on fortune from the second year following the year in which denunciation takes place.

SIGNED at Moscow, on 13 October 1981, in duplicate in the Russian and Swedish languages, both texts being equally authentic.

For the Government
of the Union of Soviet Socialist
Republics:

[V. GARBUZOV]

For the Government
of the Kingdom of Sweden:

[CARL DE GEER]