

**No. 22411**

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**FRANCE  
and  
ICELAND**

**Agreement for the avoidance of double taxation in the field  
of air transport. Signed at Paris on 8 May 1981**

*Authentic texts: French and Icelandic.*

*Registered by France on 26 October 1983.*

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**FRANCE  
et  
ISLANDE**

**Accord afin d'éviter la double imposition en matière de  
transport aérien. Signé à Paris le 8 mai 1981**

*Textes authentiques : français et islandais.*

*Enregistré par la France le 26 octobre 1983.*

## [TRANSLATION — TRADUCTION]

AGREEMENT<sup>1</sup> BETWEEN THE GOVERNMENT OF THE FRENCH  
REPUBLIC AND THE GOVERNMENT OF THE REPUBLIC OF  
ICELAND FOR THE AVOIDANCE OF DOUBLE TAXATION  
IN THE FIELD OF AIR TRANSPORT

The Government of the French Republic and the Government of the Republic of Iceland,

Desiring to conclude an agreement for the avoidance of double taxation of the profits of enterprises engaging in air transport,

Have agreed as follows:

*Article 1.* This Agreement shall apply to taxes on income and fortune levied for a State or its local authorities, irrespective of the manner in which they are levied.

*Article 2.* (a) Profits derived by an enterprise of one of the two States from the operation of aircraft in international traffic may be taxed only in the State in which the place of actual management of the enterprise is situated.

(b) The provisions of paragraph (a) above shall also apply to profits accessory to the operation of aircraft in international traffic and to profits derived from participation in a pool, a joint operating arrangement or an international operating organization.

*Article 3.* Gains derived from the alienation of aircraft operated in international traffic or of movable property used for the operation of such aircraft may be taxed only in the State in which the place of actual management of the enterprise is situated.

*Article 4.* Remuneration received for paid employment exercised on board an aircraft operated in international traffic may be taxed only in the State of which the employee is a resident.

*Article 5.* For the purposes of this Agreement:

(a) The terms “a State” and “the other State” mean the French Republic or the Republic of Iceland, as the context requires; in the case of France the provisions of this Agreement shall apply to the European and overseas departments of the French Republic;

(b) The term “enterprise of a State” means either the Government of that State or an individual who is a resident of that State and not a resident of the other State or a corporation or partnership constituted in conformity with the laws in force and having its place of actual management in that State;

(c) The term “international traffic” means any transport of passengers, freight or mail by means of an aircraft operated by an enterprise of a State except where the aircraft is operated only between points situated in the other State;

<sup>1</sup> Came into force on 27 July 1982, i.e., the date of receipt of the last of the notifications (effected on 23 and 27 July 1982) by which the Parties informed each other of the completion of the required legislative procedures, in accordance with article 6.

(d) The term “profits accessory to the operation of an aircraft” means, in particular, profits derived from the performance of the following activities:

- The embarkation and disembarkation of passengers,
- The loading and unloading of freight,
- The sale of airline tickets.

*Article 6.* Each State shall notify the other in writing, through the diplomatic channel, of the completion of the formalities required by its legislation for the entry into force of this Agreement.

The Agreement shall enter into force on the date of the receipt of the last such notification and its provisions shall apply to the profits, income and capital gains earned as from 1 January 1981.

*Article 7.* This Agreement shall remain in force for an indefinite period but either State may terminate it by giving six months’ notice of denunciation to the other State. The denunciation shall take effect at the end of the calendar year in which such notice expires.

In that event its provisions shall apply for the last time to the profits, income and capital gains earned during the calendar year at the end of which the denunciation takes effect or pertaining to the accounting period ending in the course of that year.

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

DONE at Paris on 8 May 1981, in two original copies in the French and Icelandic languages, both texts being equally authentic.

For the Government  
of the French Republic:

[Signed]

JEAN MEADMORE  
Director of the Office  
for the French living abroad

For the Government  
of the Republic of Iceland:

[Signed]

EINAR BENEDIKTSSON  
Ambassador of Iceland to France