

No. 22869

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**FINLAND, DENMARK, ICELAND,  
NORWAY and SWEDEN**

**Convention for the avoidance of double taxation with respect to taxes on income and on capital (with protocol).  
Signed at Helsinki on 22 March 1983**

*Authentic texts: Finnish, Swedish (for Finland), Danish, Icelandic, Norwegian and Swedish (for Sweden).*

*Registered by Finland on 17 April 1984.*

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**FINLANDE, DANEMARK, ISLANDE,  
NORVÈGE et SUÈDE**

**Convention tendant à éviter la double imposition en matière d'impôts sur le revenu et d'impôts sur la fortune (avec protocole). Signée à Helsinki le 22 mars 1983**

*Textes authentiques : finnois, suédois (pour la Finlande), danois, islandais, norvégien et suédois (pour la Suède).*

*Enregistrée par la Finlande le 17 avril 1984.*

## [TRANSLATION — TRADUCTION]

CONVENTION<sup>1</sup> BETWEEN FINLAND, DENMARK, ICELAND, NORWAY, AND SWEDEN FOR THE AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

The Governments of Finland, Denmark, Iceland, Norway and Sweden,  
Wishing to conclude a convention for the avoidance of double taxation with  
respect to taxes on income and on capital,  
Have agreed as follows:

*Article 1. PERSONAL SCOPE OF THE CONVENTION*

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

*Article 2. TAXES COVERED BY THE CONVENTION*

1. This Convention shall apply to taxes on income and on capital imposed on behalf of a Contracting State or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income and on capital all taxes imposed on total income, on total capital, or on elements of income or of capital, including taxes on gains from the alienation of movable or immovable property, as well as taxes on capital appreciation.

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

*(a) In Denmark:*

- (1) The State income tax;
- (2) The national pension fund contribution;
- (3) The special national pension fund contribution;
- (4) The contribution to the sickness payment fund;
- (5) The seamen's tax;
- (6) The special income tax;
- (7) The tax on dividends;
- (8) The communal income tax;
- (9) The church tax;
- (10) The county communal income tax; and

<sup>1</sup> Came into force on 29 December 1983, i.e., 30 days after the date on which all the Parties had notified the Government of Finland of the completion of their constitutional requirements, in accordance with article 31 (1):

<i>State</i>	<i>Date of receipt of the notification</i>
Denmark .....	22 March 1983
Finland .....	24 November 1983
Iceland .....	8 July 1983
Norway .....	15 November 1983
Sweden .....	29 November 1983

(11) The State capital tax  
(hereinafter referred to as "Danish tax").

(b) In Finland:

- (1) The State income and capital tax;
- (2) The communal tax;
- (3) The church tax;
- (4) The seamen's tax; and
- (5) The tax at source

(hereinafter referred to as "Finnish tax").

(c) In Iceland:

- (1) The State income tax;
- (2) The communal income tax; and
- (3) The State capital tax

(hereinafter referred to as "Icelandic tax").

(d) In Norway:

- (1) The State tax on income and on capital;
- (2) The communal tax on income and on capital;
- (3) The county income tax;
- (4) The common tax for the Tax Distribution Fund;
- (5) The State tax on earnings of foreign artists, etc.; and
- (6) The seamen's tax

(hereinafter referred to as "Norwegian tax").

(e) In Sweden:

- (1) The State income tax, including the seamen's tax and the coupon tax;
- (2) The tax on public entertainers;
- (3) The tax on undistributed profits;
- (4) The tax on distributed profits;
- (5) The communal income tax; and
- (6) The State capital tax

(hereinafter referred to as "Swedish tax").

4. This 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 Contracting States shall notify each other of any substantial changes which have been made in their respective taxation laws.

5. The Convention shall not apply in any Contracting State to special taxes on winnings from lotteries and betting or to inheritance or gift taxes.

### *Article 3. GENERAL DEFINITIONS*

1. For the purposes of this Convention, unless the context otherwise requires, the following terms shall have the meanings given below:

(a) "Denmark" means the Kingdom of Denmark; "Finland" means the Republic of Finland; "Iceland" means the Republic of Iceland; "Norway" means the Kingdom of Norway, and "Sweden" means the Kingdom of Sweden;

The term also comprises all areas situated outside the territorial waters of the State concerned, within which that State, pursuant to its legislation and in accordance with international law, has rights with respect to the exploration and exploitation of natural resources on the sea-bed or its subsoil (such area being referred to in this Convention as the “continental shelf”);

The term “Denmark” does not include the Faeroe Islands or Greenland; the term “Finland” does not include the province of Åland in so far as the Finnish communal tax is concerned; the term “Norway” does not include Svalbard (with Bjørnøya), Jan Mayen or the Norwegian dependencies (*biland*) outside Europe;

(b) “Person” includes an individual, a company and any other body of persons;

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

(d) “Enterprise of a Contracting State” and “enterprise of another Contracting State” mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of another Contracting State;

(e) “National” means any individual who is a national of a Contracting State and any body corporate or other body of persons which has been established under the law in force in a Contracting State;

(f) For the purpose of applying the Convention in a Contracting State “International traffic” means any transport by a ship or aircraft operated by an enterprise which has its place of effective management in another Contracting State, except when the ship or aircraft is operated solely between places in the first-mentioned State;

(g) “Competent authority” means:

(1) In Denmark: the Minister for Inland Revenue;

(2) In Finland: the Ministry of Finance;

(3) In Iceland: the Minister for Finance;

(4) In Norway: the Ministry of Finance;

(5) In Sweden: the Minister for Finance;

or the authority in each of these States authorized to deal with matters relating to this Convention.

2. As regards the application of this Convention by a Contracting 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. RESIDENCE

1. For the purposes of this Convention, the term “resident of a Contracting 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. The term does not, however, include a person who is liable to tax in that State only in respect 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 more than one Contracting State, then 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 more than one State, 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 any of the Contracting States, he shall be deemed to be a resident of the State in which he has a habitual abode;
- (c) If he has an habitual abode in more than one of the States or in none 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 more than one of the States or of none of them, the competent authorities of the Contracting States concerned 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 more than one Contracting State, then it shall be deemed to be a resident of the 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 on.

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 building site or construction, assembly or installation project constitutes a permanent establishment only if the activity continues for a period of more than 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 solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
- (b) The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
- (c) The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
- (d) The maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;
- (e) The maintenance 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 maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs (a) to (e) provided that the overall activity of

the fixed place of business resulting from such 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 6 applies — is acting in a Contracting State on behalf of an enterprise and has and habitually exercises in a Contracting State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in the first-mentioned State in respect of any activities which that person undertakes for the enterprise unless the activities of such 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 enterprise shall not be deemed to have a permanent establishment in a Contracting 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.

7. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of another Contracting State, or which carries on business in another Contracting State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

#### *Article 6. INCOME FROM IMMOVABLE PROPERTY*

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in another Contracting State may be taxed in that other State.

2. (a) Subject to the provisions of subparagraph (b), the term “immovable property” shall have the meaning which it has under the law of the Contracting State in which the property is situated.

(b) The term “immovable property” shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources.

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

4. Where the holding of shares or other certificates of participation in a company whose main purpose is to own immovable property entitles the holder of the shares or other certificates of participation to use immovable property owned by the company, then income derived from the direct use, letting or use in any other form of such usufructory rights may be taxed in the Contracting State in which the immovable property is situated.

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

6. The provisions of paragraph 4 shall also apply to income based on usufructory rights held by an enterprise or used for the performance of independent personal services.

### *Article 7. BUSINESS PROFITS*

1. The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in another Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.

2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting State carries on business in another Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

4. In so far as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this article.

5. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

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

7. Where profits include items of income which are dealt with separately in other articles of this Convention then the provisions of those articles shall not be affected by the provisions of this article.

### *Article 8. SHIPPING AND AIR TRANSPORT*

1. Profits from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated. Where that State is unable under its laws to tax the entire profits, the profits shall be taxable only in the State of which the enterprise is a resident.

2. If the place of effective management of a shipping enterprise is aboard a ship then it shall be deemed to be situated in the Contracting State of which the operator of the ship is a resident.

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

*Article 9. ASSOCIATED ENTERPRISES*

1. Where:

- (a) An enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of another Contracting State, or
- (b) The same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of another Contracting State,

the following provisions shall apply.

Where conditions are made or imposed between the enterprises, concerned in their commercial or financial relations, which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions have accrued to one of the enterprises but which by reason of those conditions have not so accrued may be included in the profits of that enterprise and taxed accordingly.

2. Where a question dealt with in paragraph 1 arises in one of the Contracting States, the competent authority of another Contracting State concerned in the matter shall be informed with a view to considering any necessary adjustment in connection with the calculation of the profits of the enterprise which is a resident of that other State. Where necessary, the competent authorities may conclude a special agreement concerning the apportionment of the profits.

*Article 10. DIVIDENDS*

1. Dividends paid by a company which is a resident of a Contracting State to a resident of another Contracting State may be taxed in that other State.

2. The provisions of paragraphs 1 and 3 shall not apply where the recipient of the dividends, being a resident of a Contracting State, has a permanent establishment or fixed base in a Contracting State other than that of which he is a resident and the holding in respect of which the dividends are paid is effectively connected with a business activity carried on from the permanent establishment or the performance of independent personal services from the fixed base. In such case, the dividends shall be taxed according to the provisions of article 7 or article 14 in the Contracting State in which the permanent establishment or the fixed base is situated.

3. Dividends paid by a company which is a resident of a Contracting State to a resident of another Contracting State may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State. The tax so charged shall not exceed:

- (a) Five per cent of the gross amount of the dividends if the recipient is a company (other than a partnership or a decedent's estate) which holds directly at least 25 per cent of the capital of the company paying the dividends;
- (b) Fifteen per cent of the gross amount of the dividends in all other cases.

4. Notwithstanding the provisions of paragraph 3 (a), Icelandic tax on dividends may be raised from 5 per cent to not more than 15 per cent where such dividends have been deducted from the profits of the company paying the dividends in the determination of the Icelandic tax.

5. Notwithstanding the provisions of paragraph 3 (a), Norwegian tax on dividends may be raised to not more than 15 per cent. This provision shall apply as long as Norwegian companies are entitled to deduct paid dividends from their profits when assessed for State taxes.



6. The competent authorities of the Contracting States shall, by mutual agreement, settle the mode of application of the limitations provided for in paragraphs 3 to 5.

The provisions of paragraphs 3 to 5 shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

7. The term "dividends" as used in this article means income from shares, share certificates 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.

8. Notwithstanding the provisions of paragraph 1, dividends paid by a company which is a resident of one Contracting State to a company which is a resident of a Contracting State other than Denmark shall be exempt from taxation in that other State to the extent to which they would have been exempt under the laws of that other State if both companies had been residents of that State.

Notwithstanding the provisions of paragraph 1, dividends paid by a company which is a resident of a Contracting State other than Denmark to a company which is a resident of Denmark shall be exempt from taxation in Denmark under Danish law.

Where the amount of the dividends paid for a fiscal year by a company which is a resident of Denmark to a company which is a resident of another Contracting State corresponds to dividends which the first-mentioned company, directly or through a body corporate, received, during the same fiscal year or an earlier fiscal year, from shares or other participations in a company which is a resident of a third State, exemption from taxation in another Contracting State in accordance with the first section of this paragraph shall, however, be granted only if:

- (a) The dividends received from the shares or participations in the company which is a resident of a third State are taxable in Denmark or
- (b) Where that is not the case, the dividends would have been exempt from taxation in another Contracting State if the shares or participations in the company which is a resident of a third State were owned directly by the company which is a resident of another Contracting State.

In the case of dividends paid by a company which is a resident of Iceland to a company which is a resident of another Contracting State, exemption from taxation in another Contracting State in accordance with the first section of this paragraph shall be granted only in so far as the dividends, in the determination of the Icelandic tax, cannot be deducted from the profits of the Icelandic company.

9. Notwithstanding the provisions of paragraphs 3 to 5, the competent authorities of the Contracting States may agree that dividends accruing to an institution, specified in such an agreement, engaged in general charitable work or other work of benefit to the public which, under the laws of the Contracting State of which the institution is a resident, is exempt from tax on dividends, shall be exempt in another Contracting State from tax on dividends paid by a company in that other State.

10. Where a company which is a resident of a Contracting State derives profits or income from another Contracting 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 a 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.

11. The term "partnership" as used in this article means:

- (a) In the case of Denmark: an "*interessentskab*", a "*kommanditselskab*" and a "*partrederi*";
- (b) In the case of Finland: an "*avoin yhtiö*" ("*öppet bolag*") a "*kommandiittiyhtiö*" ("*kommanditbolag*"), a "*laivanisännistöyhtiö*" ("*partrederibolag*") and any other partnership which is covered by article 4, paragraph 2, of the Act concerning income and capital tax (1043/74) and which is not taxed as an independent taxable entity;
- (c) In the case of Iceland: "*sameignarfélag*" and "*samlög*" which are not taxed as independent taxable entities;
- (d) In the case of Norway: any partnership except an "*aksjeselskap*" or a "*kommandittaksjeselskap*";
- (e) In the case of Sweden: a "*handelsbolag*", a "*kommanditbolag*" or an "*enkelt bolag*".

#### Article 11. INTEREST

1. Interest arising in a Contracting State and paid to a resident of another Contracting State shall be taxable only in that other State.

2. The provisions of paragraph 1 shall not apply where the recipient of the interest, being a resident of a Contracting State, has a permanent establishment or a fixed base in a Contracting State than that of which he is a resident, and the debt-claim in respect of which the interest is paid is effectively connected with a business carried on from the permanent establishment or the performance of independent personal services from the fixed base. In such case, the recipient shall be taxed in accordance with the provisions of article 7 or article 14 in the Contracting State in which the permanent establishment or the fixed base is situated.

3. The term "interest" as used in this article means income from debt-claims of every kind, whether or not secured by mortgage on real estate 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.

4. Where by reason of a special relationship between the payer and the recipient 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 recipient 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 payments shall remain taxable according to the laws of each Contracting State concerned, due regard being had to the other provisions of this Convention.

#### Article 12. ROYALTIES

1. Royalties arising in a Contracting State and paid to a resident of another Contracting State shall be taxable only in that other State.

2. The provisions of paragraph 1 shall not apply where the recipient of the royalties, being a resident of a Contracting State, has a permanent establishment or a fixed base in a Contracting State other than that of which he is a resident and the right or property in respect of which the royalties are paid is effectively connected with a business activity carried on from the permanent establishment of the performance of independent personal services from the fixed base. In such case, the recipient shall be taxed in accordance with the provisions of article 7 or article 14 in the Contracting State in which the permanent establishment or the fixed base is situated.

3. 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 cinematographic films, or films or tapes used 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.

4. Where by reason of a special relationship between the payer and the recipient or between both of them and some other person, the amount of the 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 recipient 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 payments shall remain taxable according to the laws of the Contracting State concerned, due regard being had to the other provisions of this Convention.

### *Article 13. CAPITAL GAINS*

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in article 6, paragraph 2, and situated in another Contracting State may be taxed in that other State.

2. Gains derived by a resident of a Contracting State from the alienation of shares or other interests referred to in article 6, paragraph 4, may be taxed in the Contracting State in which the immovable property is situated.

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

4. Gains from the alienation of ships or aircraft operated in international traffic, or movable property pertaining to the operation of such ships or aircraft shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated. Where that State is unable under its laws to tax the entire gains, the gains shall be taxable only in the State of which the enterprise is a resident.

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

6. The provisions of paragraph 5 shall not affect Norway's right to levy, according to its own laws, a tax on gains from the alienation of shares in a Norwegian company where the shares belong to a resident of another Contracting State who has

been a resident of Norway in the course of the last five years preceding the alienation of the shares.

7. The provisions of paragraph 5 shall not affect Sweden's right to levy, according to its own laws, a tax on gains derived by a resident of another Contracting State from the alienation of shares or interests in a company whose essential assets consist of immovable property, provided that the person in question has been a resident of Sweden in the course of the last five years preceding the alienation.

#### *Article 14. INDEPENDENT PERSONAL SERVICES*

1. Income derived by a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that State unless he has a fixed base regularly available to him in another Contracting State for the purpose of performing his activities. If he has such a fixed base the income may be taxed in the other State but only so much of it 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 Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in another Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in another Contracting State shall be taxable only in the first-mentioned State if:

- (a) The recipient is present in that other State for a period or periods not exceeding in the aggregate 183 days in the calendar year concerned; and
- (b) The remuneration is paid by, or on behalf of, an employer who is not a resident of that other State; and
- (c) The remuneration is not borne by a permanent establishment or a fixed base which the employer has in that other State.

3. Notwithstanding the preceding provisions of this article, remuneration derived in respect of an employment exercised aboard:

- (a) A Danish, Finnish, Icelandic, Norwegian or Swedish ship shall be taxable only in the Contracting State whose flag the ship flies; for the purpose of the application of this provision, foreign ships chartered on a so-called bareboat basis by an enterprise of a Contracting State shall be treated as Danish, Finnish, Icelandic, Norwegian or Swedish ships respectively;
- (b) Aircraft in international traffic shall be taxable only in the Contracting State of which the recipient of remuneration in respect of the employment is a resident;
- (c) Vessels engaged in fishing, sealing or whaling shall be taxable only in the Contracting State of which the recipient of remuneration in respect of the employment is a resident; this shall also apply where remuneration in respect of the employment is paid in the form of a certain portion of the earnings resulting from the fishing, sealing or whaling activity.

### *Article 16. DIRECTORS' FEES*

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

### *Article 17. ENTERTAINERS AND ATHLETES*

1. Notwithstanding the provisions of articles 14 and 15, income derived by a resident of a Contracting 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 another Contracting 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 Contracting State in which the activities of the entertainer or athlete are exercised.

3. Where the Contracting State in which the activities mentioned in paragraphs 1 and 2 are exercised is unable, under its laws, to tax the income specified therein, the income shall be taxable only in the Contracting State of which the recipient is a resident.

### *Article 18. PENSIONS, ANNUITIES AND SOCIAL SECURITY PAYMENTS*

1. Pensions and annuities paid from a Contracting State and payments under the social security laws of a Contracting State shall be taxable only in that State.

2. The term "annuity" means a fixed sum paid periodically at stated times during the life of the person concerned or during a specified or ascertainable period of time, under an obligation to make such payments in return for full consideration in money or money's worth.

### *Article 19. GOVERNMENT SERVICE*

1. Remuneration (other than a pension) paid by a Contracting State or political subdivisions, local authorities or institutions under public law to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.

2. However, such remuneration shall be taxable only in the Contracting State in which the services are rendered if the recipient is a resident of that State and

- (a) Is a national of that State; or
- (b) Did not become a resident of that State solely for the purpose of rendering the services; or
- (c) Is not liable to taxation in respect of the remuneration in the State from which the remuneration is paid.

### *Article 20. STUDENTS AND TRAINEES*

1. A person who is staying in a Contracting State solely for the purposes of:

- (a) Study at a university or other educational establishment in that Contracting State, or
- (b) Training in business, industry, agriculture or forestry in that Contracting State,

and who is, or immediately before his stay was, a resident of another Contracting State, shall not be taxed in the first-mentioned State in respect of payments which he receives from a source outside of that State for his maintenance, education or training.

2. A person who is studying at a university or other educational establishment in a Contracting State and who, while temporarily staying in another Contracting State, is employed in that other State for not more than 100 days during the same calendar year for the purpose of obtaining practical experience supplementary to his studies shall be subject to taxation in the last-mentioned Contracting State only in respect of that portion of his income from his employment which exceeds an average monthly income of 2,000 Swedish kronor or the equivalent in Danish, Finnish, Icelandic or Norwegian currency. The amount exempted from taxation in accordance with this paragraph shall not, however, exceed in the aggregate 6,000 Swedish kronor per calendar year or the equivalent in Danish, Finnish, Icelandic or Norwegian currency. The aforementioned amount shall include the personal deduction for the calendar year in question.

3. The competent authorities of the Contracting States shall reach agreement concerning the application of the provisions of paragraph 2. The competent authorities may also reach agreement on such modification of the amount specified therein as may be found to be reasonable in relation to changes in the value of money, changes in the laws of any of the Contracting States or other similar circumstances.

#### *Article 21. OFF-SHORE BUSINESS ACTIVITIES AND EMPLOYMENT*

1. Subject to the provisions of paragraphs 2 and 3, a resident of a Contracting State who carries on business activity off the shore of another Contracting State in connection with the exploration or exploitation of natural resources in the sea-bed area of that other State shall be deemed to have a permanent establishment or fixed base in that other State.

2. The provisions of paragraph 1 shall not apply if the activity is carried on during a period or periods which do not exceed in the aggregate 30 days in the course of a 12 month period.

3. For the purposes of applying paragraph 2, an activity carried on by an enterprise which is associated with another enterprise shall be deemed to be carried on by the first-mentioned enterprise if the activity is substantially the same as that carried on by that other enterprise. Enterprises shall be deemed to be associated if one of the enterprises directly or indirectly participates in the management or control of the other enterprise or owns part of the capital of that enterprise or if the same persons directly or indirectly participate in the management or control of both enterprises or own part of the capital of those enterprises.

4. The provisions of article 8, paragraph 1, shall apply to income from the transport of personnel and matériel by ship or aircraft to the sea-bed area referred to in paragraph 1 or from the operation of tugboats, supply vessels and other vessels used for similar purposes in connection with the activity referred to in that paragraph.

5. The provisions of article 13, paragraph 4 and of article 23, paragraph 3, shall apply to gains from the alienation of ships, boats and aircraft referred to in paragraph 4 or capital represented by such ships, boats and aircraft.

6. Notwithstanding the other provisions of this Convention, the following provision shall apply to the taxation of wages and other similar remuneration derived by a resident of a Contracting State in respect of employment exercised off the shore of another Contracting State for an employer carrying on an activity there of the kind referred to in paragraph 1:

(a) Subject to the provisions of subparagraphs (b) to (d) such remuneration may be taxed in that other State only if the employment is exercised there during a period or periods which exceed in the aggregate 30 days in the course of a 12 month period.

(b) Such remuneration shall be taxable only in the first-mentioned Contracting State if:

- (1) The employment is connected with the exploitation of oil deposits situated on the median line between one Contracting State and another State;
- (2) An agreement exists between these States concerning the common exploitation of the deposits; and
- (3) The exploitation takes place simultaneously on both sides of the median line.

The provisions of this subparagraph shall apply only after an agreement on the subject has been reached by the competent authorities of the Contracting States.

(c) Such remuneration shall be taxable in accordance with the provisions of article 15, paragraph 3 (a), if the employment is exercised aboard a boat or ship referred to in paragraph 4 of this article.

(d) Such remuneration shall be taxable only in the State in which the place of effective management of the enterprise is situated, if the employment is exercised aboard an aircraft referred to in paragraph 4 of this article.

7. The term "sea-bed area" as used in this article means the sea-bed and subsoil thereof within the territorial waters of a Contracting State and the continental shelf of that State.

#### *Article 22. OTHER INCOME*

1. Items of income of a resident of a Contracting 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 if the recipient of such income, being a resident of a Contracting State, has a permanent establishment or fixed base in another Contracting State and the right or property in respect of which the income is paid is effectively connected with business activities carried on from the permanent establishment or independent personal services performed from the fixed base. In such case the provisions of article 7 or article 14, as the case may be, shall apply. Where immovable property referred to in article 6, paragraph 2, or shares or other participations referred to in article 6, paragraph 4, belong to a permanent establishment or fixed base the income from such property or holdings shall however, be taxable in accordance with the provisions of article 6.

#### *Article 23. CAPITAL*

1. Capital represented by immovable property referred to in article 6, paragraph 2, owned by a resident of a Contracting State and situated in another Contracting State, may be taxed in that other State.

2. Shares or other participations in a company referred to in article 6, paragraph 4, owned by a resident of a Contracting State, may be taxed in the Contracting State in which the immovable property is situated.

3. Capital represented by ships and aircraft operated in international traffic and by movable property pertaining to the operation of such ships and aircraft shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated. Where that State is unable, under its laws, to tax the entire capital, the capital shall be taxable only in the State of which the enterprise is a resident.

4. All other capital, wherever situated, of a resident of a Contracting State, shall be taxable only in that State.

5. Notwithstanding the provisions of paragraph 4, capital represented by movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in another Contracting State or by movable property pertaining to a fixed base available to a resident of a Contracting State in another Contracting State for the purpose of performing independent personal services may, however, be taxed in that other State.

#### *Article 24. DECEDENTS' ESTATES*

Where tax is levied on income or capital belonging to a decedent's estate which is a resident of a Contracting State, such income or capital may not be taxed in the hands of a beneficiary who is a resident of another Contracting State.

#### *Article 25. METHODS FOR THE ELIMINATION OF DOUBLE TAXATION*

##### *1. Denmark*

(a) Where a resident of Denmark derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in another Contracting State, Denmark shall, subject to the provisions of article 10, paragraph 8, second section, or of subparagraph (b) below:

- (1) Allow as a deduction from the Danish income tax of that resident an amount equal to the income tax paid in that other Contracting State;
- (2) Allow as a deduction from the Danish capital tax of that resident an amount equal to the capital tax paid in that other Contracting State.

Such deduction shall not, however, in any case exceed that part of the Danish income tax or capital tax, as computed before the deduction is given, which is attributable to the income or capital that may be taxed in that other State.

(b) Where a resident of Denmark derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed only in another Contracting State, Denmark may include the income or capital in the amount used as the basis for calculating the tax but shall allow as a deduction from the Danish tax on income or capital that part of the income or capital tax which is attributable to the income received from that other State or the capital owned there.

##### *2. Finland*

(a) Where a resident of Finland derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in another Contracting State, Finland shall, subject to the provisions of article 10, paragraph 8, first section, or of subparagraph (b) below:



- (1) Allow as a deduction from the Finnish income tax of that resident an amount equal to the income tax paid in that other Contracting State;
- (2) Allow as a deduction from the Finnish capital tax of that resident an amount equal to the capital tax paid in that other Contracting State.

Such deduction shall not however, in any case exceed that part of the Finnish income tax or capital tax, as computed before the deduction is given, which is attributable to the income or capital that may be taxed in that other State.

(b) Where a resident of Finland derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed only in another Contracting State, Finland may include the income or capital in the amount used as the basis for calculating the tax but shall allow as a deduction from the Finnish tax on income or on capital that part of the income tax or capital tax which is attributable to the income received from that other State or the capital owned there.

### 3. *Iceland*

(a) Where a resident of Iceland derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in another Contracting State, Iceland shall, subject to the provisions of subparagraphs (b) or (c), exempt such income or capital from taxation.

(b) Where a resident of Iceland derives income which, in accordance with the provisions of article 10, may be taxed in another Contracting State, Iceland shall, subject to the provisions of paragraph 8, first section, of that article, allow as a deduction from the Icelandic income tax of that resident an amount equal to the income tax paid in that other Contracting State. Such deduction shall not, however, exceed that part of the Icelandic tax, as computed before the deduction is given, which is attributable to the income that may be taxed in that other State.

(c) Where, in accordance with any provision of this Convention, income derived or capital owned by a resident of Iceland is exempt from tax there, Iceland may nevertheless, in calculating the amount of tax on the remaining income or capital of such resident, take into account the exempted income or capital.

### 4. *Norway*

(a) Where a resident of Norway derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in another Contracting State, Norway shall, subject to the provisions of subparagraphs (b), (c) or (d), exempt such income or capital from tax.

(b) Where a resident of Norway derives income which, in accordance with the provisions of article 10 or article 21, may be taxed in another Contracting State, Norway shall, subject to the provisions of article 10, paragraph 8, first section, allow as a deduction from the Norwegian income tax of that resident an amount equal to the income tax paid in that other Contracting State. Such deduction shall not, however, exceed that part of the Norwegian tax, as computed before the deduction is given, which is attributable to the income that may be taxed in that other State.

(c) Where, in accordance with any provision of this Convention, income derived or capital owned by a resident of Norway is exempt from tax there, Norway may nevertheless, in calculating the amount of Norwegian tax on the remaining income or capital of such resident, take into account the exempted income or capital.

(d) Where a resident of a Contracting State derives gains referred to in article 13, paragraph 6, which may be taxed in Norway, Norway shall allow as a deduction from the Norwegian income tax of that resident an amount equal to the tax paid in the other Contracting State on the gains. Such deduction shall not, however, exceed that part of the Norwegian tax, as computed before the deduction is given, which is attributable to the gains.

#### 5. *Sweden*

(a) Where a resident of Sweden derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in another Contracting State, Sweden shall, subject to the provisions of article 10, paragraph 8, first section, or of subparagraphs (b), (c) or (d):

- (1) Allow as a deduction from the Swedish income tax of that resident an amount equal to the income tax paid in that other Contracting State;
- (2) Allow as a deduction from the Swedish capital tax of that resident an amount equal to the capital tax paid in that other Contracting State.

Such deduction shall not, however, in any case exceed that part of the Swedish income tax or capital tax, as computed before the deduction is given, which is attributable to the income or capital that may be taxed in that other State.

(b) For the purposes of subparagraph (a), where under special legislation relief is granted with respect to Finnish income or capital tax on the permanent establishment of a Swedish enterprise in Finland, the income tax or capital tax which would have been paid in Finland if such tax relief had not been granted shall be allowed as a deduction from the Swedish tax on the income or capital of the enterprise.

(c) Where a resident of Sweden derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed only in another Contracting State, Sweden may include the income or capital in the amount used as the basis for calculating the tax but shall allow as a deduction from the Swedish tax on income or on capital that part of the income tax or capital tax which is attributable to the income received from that other State or the capital owned there.

(d) Where a resident of a Contracting State derives gains referred to in article 13, paragraph 7, which may be taxed in Sweden, Sweden shall allow as a deduction from the Swedish income tax of that resident an amount equal to the tax paid in the other Contracting State on the gains. Such deduction shall not, however, exceed that part of the Swedish tax, as computed before the deduction is given, which is attributable to the gains.

#### *Article 26. RESTRICTION ON THE RIGHT TO LEVY TAX*

Income derived or capital owned by a resident of a Contracting State may not be taxed in another Contracting State unless taxation is expressly permitted under this Convention.

#### *Article 27. NON-DISCRIMINATION*

1. Nationals of a Contracting State shall not be subjected in another Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected. This provision shall, notwithstanding the provisions of article 1, also apply to persons who are not residents of one or more Contracting States.

2. The taxation on a permanent establishment or fixed base which an enterprise or resident of a Contracting State has in another Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises or residents of that other State carrying on the same activities.

This provision shall not be construed as obliging a Contracting State to grant to residents of another Contracting 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. The provision also does not imply the right to receive a tax deduction or be granted exemption in a Contracting State from taxation in respect of dividends paid or other payments made to a company which is a resident of another Contracting State.

The provisions of the first section of this paragraph also shall not prevent a Contracting State from taxing income derived from a permanent establishment, according to the rules of that State's own law, where the permanent establishment belongs to a joint-stock company or company assimilated thereto in another Contracting State. The taxation shall, however, correspond to the tax on income, calculated without deduction of distributed profits, levied on a joint-stock company or company assimilated thereto which is a resident of the first-mentioned Contracting State.

3. Except where the provisions of article 9, paragraph 1, article 11, paragraph 4, or article 12, paragraph 4, apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of another Contracting 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 Contracting State to a resident of another Contracting 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.

4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of one or more Contracting States, 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.

5. The provisions of this article shall not be construed as obliging Norway to grant to nationals of another Contracting State who were not born in Norway of Norwegian parents the special tax relief which is granted, under article 22 of the Norwegian National Tax Act of 18 August 1911, to Norwegian nationals and persons born in Norway of Norwegian parents (persons with Norwegian citizenship rights "*innfødsrett*").

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

#### *Article 28. MUTUAL AGREEMENT PROCEDURE*

1. Where a person considers that the actions of one or more Contracting 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 Contracting State of

which he is a resident or, if his case comes under article 27, paragraph 1, to that of the Contracting State of which he is a national.

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 such other Contracting State as is concerned in the matter, with a view to the avoidance of taxation which is not in accordance with this Convention. If the State to whose competent authority the person concerned has presented the case is not itself concerned in the matter, that competent authority shall refer the case to the competent authority of one of the States concerned in the matter.

3. Where any difficulties or doubts arise between Contracting States concerning the interpretation or application of this Convention, the competent authorities of those States shall consult together in an endeavour to resolve the question by special agreement. The competent authorities of the Contracting States may also consult together for the elimination of double taxation in cases not provided for in this Convention or in order, by special agreement, to resolve questions which are not provided for in the Convention but may arise in connection with the taxes provided for in article 2 by reason of differences in the principles followed by the States concerned in calculating the taxes or for other reasons.

Before a decision is taken on the question referred to in the preceding section of this paragraph the result of the consultations provided for therein shall be notified as soon as possible to the competent authorities of the other Contracting States. If the competent authority of a Contracting State considers that consultations should take place between the competent authorities of all the Contracting States, such consultations shall take place without delay at the request of the competent authority of the first-mentioned Contracting State.

#### *Article 29. DIPLOMATIC AGENTS AND CONSULAR OFFICERS*

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

#### *Article 30. TERRITORIAL EXTENSION*

1. This Convention may be extended, either in its entirety or with any necessary modifications, to cover the areas excluded from the scope of the Convention in accordance with the provisions of article 3, paragraph 1 (a), provided that taxes identical or substantially similar to those to which the Convention applies are imposed there. Any such extension shall take effect from such date, and is subject to such modifications and conditions, including conditions as to termination, as may be specifically agreed upon between the Contracting States in notes to be exchanged through the diplomatic channel.

2. If this Convention ceases to have effect in accordance with article 32, it shall also, unless otherwise agreed between the Contracting States, cease to have effect in respect of any territory to which the Convention has been extended in accordance with this article.

#### *Article 31. ENTRY INTO FORCE*

1. This Convention shall enter into force 30 days after the date on which all the Contracting States have notified the Ministry of Foreign Affairs of Finland that the

measures required for its entry into force in the State concerned have been taken. The Ministry of Foreign Affairs of Finland shall notify the other Contracting States of the receipt of such notifications.

2. After the entry into force of this Convention, its provisions shall apply to income earned as from the first day of January following its entry into force and to capital on which tax is payable on the basis of assessment in the second calendar year after its entry into force or later.

3. The following Agreements shall cease to have effect and shall no longer apply in matters concerning income or capital to which the present Convention will apply in accordance with paragraph 2:

- The Exchange of Notes of 19 October 1925 between the Danish and Finnish Governments concerning the exemption of certain persons from communal taxes;<sup>1</sup>
- The Agreement of 22 February 1957 between the Kingdom of Denmark and the Kingdom of Norway for the avoidance of double taxation with respect to taxes on income and property,<sup>2</sup> with subsequent amendments;<sup>3</sup>
- The Agreement of 23 January 1964 between the Republic of Iceland and the Kingdom of Sweden for the avoidance of double taxation with respect to taxes on income and capital;<sup>4</sup>
- The Agreement of 7 April 1964 between the Kingdom of Denmark and the Republic of Finland for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital,<sup>5</sup> with subsequent amendments;<sup>6</sup>
- The Agreement of 30 March 1966 between the Republic of Iceland and the Kingdom of Norway for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and fortune,<sup>7</sup> with subsequent amendments;
- The Agreement of 21 May 1970 between the Kingdom of Denmark and the Republic of Iceland for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and fortune,<sup>8</sup> with subsequent amendments;<sup>9</sup>
- The Agreement of 1 November 1971 between the Kingdom of Norway and the Kingdom of Sweden for the avoidance of double taxation with respect to taxes on income and fortune;<sup>10</sup>
- The Agreement of 12 January 1972 between the Republic of Finland and the Kingdom of Norway for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and fortune;<sup>11</sup>

<sup>1</sup> League of Nations, *Treaty Series*, vol. XLVII, p. 359.

<sup>2</sup> United Nations, *Treaty Series*, vol. 286, p. 127.

<sup>3</sup> *Ibid.*, vol. 348, p. 366, and vol. 777, p. 334.

<sup>4</sup> *Ibid.*, vol. 969, p. 99.

<sup>5</sup> *Ibid.*, vol. 525, p. 89.

<sup>6</sup> *Ibid.*, vol. 880, p. 369.

<sup>7</sup> *Ibid.*, vol. 566, p. 51.

<sup>8</sup> *Ibid.*, vol. 766, p. 95.

<sup>9</sup> *Ibid.*, vol. 922, p. 307.

<sup>10</sup> *Ibid.*, vol. 968, p. 259.

<sup>11</sup> *Ibid.*, vol. 913, p. 13.

- The Agreement of 2 March 1972 between the Republic of Finland and the Republic of Iceland for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and fortune;<sup>1</sup>
- The Agreement of 27 June 1973 between the Government of the Republic of Finland and the Government of the Kingdom of Sweden for the avoidance of double taxation with respect to taxes on income and fortune,<sup>2</sup> with subsequent amendments;<sup>3</sup>
- The Agreement of 16 November 1973 between the Government of the Kingdom of Denmark and the Government of the Kingdom of Sweden for the avoidance of double taxation with respect to taxes on income and fortune.<sup>4</sup>

#### Article 32. TERMINATION

This Convention shall remain in force indefinitely, but a Contracting State may terminate the Convention through the diplomatic channel by giving notice of termination to each of the other Contracting States at least six months before the end of a calendar year. Where the time-limit for denunciation has been observed, the Convention shall cease to have effect as between the State denouncing it and the other Contracting States:

- (a) In respect of income earned as of 1 January of the year immediately following the year during which denunciation takes place or later, and
- (b) In respect of capital for which tax is payable on the basis of an assessment during the second calendar year following the year during which denunciation took place or later.

The Convention shall be deposited with the Ministry of Foreign Affairs of Finland and certified copies shall be provided by the Ministry of Foreign Affairs of Finland to the Governments of each of the other Contracting States.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have signed this Convention.

DONE at Helsinki on 22 March 1983, in one copy in the Finnish, Danish, Icelandic, Norwegian and Swedish languages, there being two texts in the Swedish language, one for Finland and one for Sweden, all the texts being equally authentic.

JERMU LAINE

KJELD MORTENSEN

SIGURBJÖRN THORBJÖRNSSON

O. BUCHER-JOHNANSEN

KAJ SUNDBERG

<sup>1</sup> United Nations, *Treaty Series*, vol. 913, p. 87.

<sup>2</sup> *Ibid.*, vol. 1081, p. 91.

<sup>3</sup> *Ibid.*, vol. 1257, p. 488.

<sup>4</sup> *Ibid.*, vol. 927, p. 61.

## PROTOCOL

On signing the Convention concluded this day between the Governments of Finland, Denmark, Iceland, Norway and Sweden for the avoidance of double taxation with respect to taxes on income and on capital, the undersigned have agreed on the following provisions, which shall constitute an integral part of the Convention.

I. *Ad article 5*

Where an enterprise of a Contracting State simultaneously has more than one building site or construction or assembly or installation project in another Contracting State and the activity at any of those sites continues for more than 12 months, the competent authorities of those States may, by agreement, endeavour to determine whether such sites in the aggregate constitute a permanent establishment in the other Contracting State.

The same shall apply where an enterprise of a Contracting State has a succession of building sites on construction, assembly or installation projects in the other State, and the period of such activity aggregates more than 12 months.

II. *Ad articles 7 and 15*

1. Notwithstanding the provisions of article 7, profits derived by an enterprise in Norway or Sweden from an activity carried on in Sweden or Norway, shall be taxable only in the State of which the enterprise is a resident where the activity pertains to the erection and maintenance of reindeer fences on such sections of the Norwegian-Swedish State frontier as are specified in an agreement concluded in accordance with paragraph 4.

2. Notwithstanding the provisions of article 15, income derived by a resident of Norway or Sweden from personal services performed in Sweden or Norway shall be taxable only in the State of which such person is a resident, where the services pertain to the erection and maintenance of reindeer fences on such sections of the Norwegian-Swedish State frontier as are specified in an agreement concluded in accordance with paragraph 4.

3. The provisions of paragraphs 1 and 2 concerning enterprises in or residents of Norway or Sweden shall apply *mutatis mutandis* to enterprises in or residents of Finland or Norway.

4. The competent authorities of the Contracting States concerned shall, by mutual agreement, determine the sections of the State frontier in question to which the provisions of paragraphs 1 to 3 shall apply.

III. *Ad articles 7, 10 to 15, 19, 20 and 23*

1. Notwithstanding the provisions of article 7, article 10, paragraph 2, article 11, paragraph 2, and article 12, paragraph 2, income derived by an enterprise in Denmark or Sweden in connection with the construction and operation of fixed transport links across the Sound shall be taxable only in the State of which the enterprise is a resident.

2. Notwithstanding the provisions of article 13, paragraph 3, gains derived by an enterprise in or a person who is a resident of Denmark or Sweden from the alienation of property referred to therein which is used for the construction and operation of fixed transport links across the Sound shall be taxable only in the State of which the enterprise or person is a resident.

3. Notwithstanding the provisions of article 14, paragraph 1, article 15, paragraph 1, article 19 and article 20, income derived by a resident of Denmark or Sweden in connection with the construction and operation of fixed transport links across the Sound shall be taxable only in the State of which the person is a resident.

4. Notwithstanding the provisions of article 23, paragraph 5, capital specified therein which an enterprise in or a person who is a resident of Denmark or Sweden owns and which is used in the construction and operation of fixed transport links across the Sound shall be taxable only in the State of which the enterprise or person is a resident.

#### IV. *Ad articles 8, 13, 15 and 23*

1. The provisions of article 8, paragraph 1, article 13, paragraph 4, and article 23, paragraph 3 shall apply in Denmark, Norway and Sweden in the case of shareholders in the consortium known as the Scandinavian Airlines System (SAS) to profits or capital gains derived and capital owned by the consortium in proportion to the shareholding held by such shareholders in the consortium.

2. The provisions of article 15, paragraph 3 (a), shall also apply to income from services performed aboard an aircraft used in domestic traffic by the consortium known as the Scandinavian Airlines System (SAS).

#### V. *Ad articles 8, 13 and 23*

A share in income from an activity referred to in article 8, paragraph 1, a share in gains from the alienation of property referred to in article 13, paragraph 4, and a share in capital referred to in article 23, paragraph 3, derived or owned by a resident of a Contracting State on the basis of shareholding in an enterprise, shall be taxable only in that State if:

- (a) The shareholders are residents of different Contracting States,
- (b) The enterprise is operated by a company or other body of persons whose participants have joint liability at least one of them also having unlimited liability, and
- (c) It is not obvious that the enterprise has its place of effective management in only one Contracting State.

The competent authorities of the Contracting States may reach agreement on the application of the taxation principles referred to in the first section of this paragraph also in cases where the conditions stated therein are not present.

#### VI. *Ad article 12*

Where a provision entitling Finland to tax so-called industrial royalties paid from Finland is included in the agreements for the avoidance of double taxation with respect to taxes on income and on capital which Finland has concluded with the majority of the industrialized member States of the Organisation for Economic Co-operation and Development (OECD), negotiations between the Contracting States shall be initiated as soon as possible with a view to establishing a similar right for the Contracting State in which the royalty arises, *vis-à-vis* the other Contracting States.

#### VII. *Ad article 15*

Notwithstanding the provisions of article 15, paragraphs 1 and 2, income derived by a resident of a commune of Finland, Norway or Sweden adjoining the frontier between Finland and Sweden or Finland and Norway, from personal services per-



formed in such a commune in another of those States, shall be taxable only in the State of which the person concerned is a resident, provided that such person habitually stays at his permanent home in that State.

The term "habitually stays" means that the taxpayer normally stays at least once a week at his permanent home in the Contracting State of which he is a resident.

#### VIII. *Ad articles 15 and 19*

Notwithstanding the provisions of article 15, paragraphs 1 and 2, and article 19, paragraph 1, income derived by a resident of a commune of Norway or Sweden adjoining the frontier between those States, from personal services performed in such a commune in the other of those States, shall be taxable only in the State of which the person concerned is a resident, provided that such person habitually stays at his permanent home in that State.

The term "habitually stays" means that the taxpayer normally stays at least once a week at his permanent home in the Contracting State of which he is a resident.

#### IX. *Ad articles 18 and 19*

Where Norway is unable, under its laws, to tax income referred to in articles 18 and 19, the income shall be taxable only in the State of which the recipient is a resident.

#### X. *Ad article 20*

1. A person who is staying in a Contracting State other than Iceland solely for the purposes of:

- (a) Study at a university or other educational establishment in that other Contracting State, or
- (b) Training in business, industry, agriculture or forestry in that other Contracting State,

and who is, or immediately before his stay was, a resident of Iceland, shall be subject to taxation in respect of income from employment in the first-mentioned Contracting State only in respect of that portion of his income which exceeds 20,000 Swedish kronor per calendar year or the equivalent in Danish, Finnish, Icelandic or Norwegian currency. The aforementioned amount shall include the personal deduction for the calendar year in question during the stay in Finland, Norway or Sweden.

If, during a period of training in Denmark, a higher amount is deemed necessary under the regulations in force for the maintenance of the person concerned, such higher amount shall be exempt from Danish tax. The aforesaid provision shall not, however, apply where the study or training are secondary to the employment for which the remuneration was paid.

2. Exemption from taxation in accordance with paragraph 1 shall be granted only for a period reasonably or normally devoted to study or practical training, and for not more than six successive calendar years.

3. The competent authorities of the Contracting States shall reach agreement concerning the application of the provisions of paragraphs 1 and 2. The competent authorities may also reach agreement on such modifications of the amounts specified therein as may be found to be reasonable in relation to changes in the value of money, changes in the laws of any of the Contracting States or any other similar circumstance.

XI. *Ad article 25*

1. The provisions of article 25, paragraph 3, may, at the request of Iceland, be amended and replaced by the following text:

“(a) Where a resident of Iceland derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in another Contracting State, Iceland shall, subject to the provisions of article 10, paragraph 8, first section or of subparagraph (b):

- (1) Allow as a deduction from the Icelandic income tax of that resident an amount equal to the income tax paid in that other Contracting State;
- (2) Allow as a deduction from the Icelandic capital tax of that resident an amount equal to the capital tax paid in that other Contracting State.

Such deduction shall not, however, in any case exceed that part of the Icelandic income tax or capital tax, as computed before the deduction is given, which is attributable to the income or capital that may be taxed in that other State.

(b) Where a resident of Iceland derives income or owns capital which, in accordance with the provisions of this Convention, is taxable only in another Contracting State, Iceland may include the income or capital in the amount used as the basis for calculating the tax but shall allow as a deduction from the Icelandic tax on income or on capital that part of the income tax or capital tax which is attributable to the income derived from that other State or to the capital owned there.”

A request for such an amendment shall be made through the diplomatic channel and notice thereof shall be given to each of the other Contracting States. The amendment shall enter into force 30 days after all the other Contracting States have received such notice and its provisions shall have effect:

- (a) In respect of tax on income earned on or after 1 January immediately following the date of such notice or later, and
- (b) In respect of tax on capital assessed during the second calendar year following the year during which such notice was given or later.

2. The provisions of article 25, paragraph 4, may, at the request of Norway, be amended and replaced by the following text:

“(a) Where a resident of Norway derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in another Contracting State, Norway shall, subject to the provisions of article 10, paragraph 8, first section or of subparagraphs (b) or (c):

- (1) Allow as a deduction from the Norwegian income tax of that resident an amount equal to the income tax paid in that other Contracting State;
- (2) Allow as a deduction from the Norwegian capital tax of that resident an amount equal to the capital tax paid in that other Contracting State.

Such deduction shall not, however, in any case exceed that part of the Norwegian income tax or capital tax, as computed before the deduction is given, which is attributable to the income or capital that may be taxed in that other State.

(b) Where a resident of Norway derives income or owns capital which, in accordance with the provisions of this Convention is taxable only in another Contracting State, Norway may include the income or capital in the amount

used as the basis for calculating the tax but shall allow as a deduction from the Norwegian tax on income or on capital that part of the income tax or capital tax which is attributable to the income derived from that other State or to capital owned there.

(c) Where a resident of a Contracting State derives gains referred to in article 13, paragraph 6, which may be taxed in Norway, Norway shall allow as a deduction from the Norwegian income tax of that resident an amount equal to the tax paid in the other Contracting State on the gains. Such deduction shall not, however, exceed that part of the Norwegian tax, as computed before the deduction is given, which is attributable to the gains."

A request for such an amendment shall be made through the diplomatic channel and notice thereof shall be given to each of the other Contracting States. The amendment shall enter into force 30 days after all the other Contracting States have received such notice and its provisions shall have effect:

- (a) In respect of tax on income earned on or after 1 January immediately following the date of such notice or later, and
- (b) In respect of tax on capital assessed during the second calendar year following the year during which such notice was given or later.

## XII. *Ad article 31*

1. Notwithstanding the provisions of article 31, paragraphs 2 and 3, article 15, paragraph 4, of the Agreement of 16 November 1973 between the Government of the Kingdom of Denmark and the Government of the Kingdom of Sweden for the avoidance of double taxation with respect to taxes on income and fortune shall remain in force and its provisions shall apply to income earned before the end of the third calendar year following that in which the present Convention entered into force.

After the expiry of the period referred to in the first section of this paragraph the provisions of the Agreement of 16 November 1973 referred to therein shall cease to have effect.

The provisions of the Agreement of 16 November 1973 referred to in the first section of this paragraph read as follows:

"Notwithstanding the provisions of paragraphs 1 and 5, income received by so-called frontier travellers who are residents of one Contracting State for services rendered in the other Contracting State shall be taxable only in the first-mentioned State. In the application of this provision, an employed person who regularly stays at his permanent home in the Contracting State of which he is a resident but normally renders his services in the other Contracting State shall be deemed to be a frontier traveller."

2. With respect to tax exemptions in Finland and Sweden for timber floating associations formed to conduct timber floating on the floatways of the Torne and Muonio frontier rivers, the special arrangements agreed upon in the matter shall apply.

3. With respect to the basis for the division between Norway and Sweden of the tax on revenues or the Luossavaara-Kiirunavaara Joint-Stock Company, the special arrangements agreed upon in the matter shall apply.

The Protocol shall be deposited with the Ministry of Foreign Affairs of Finland and certified copies shall be provided by the Ministry of Foreign Affairs of Finland to the Governments of each of the other Contracting States.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have signed this Protocol.

DONE at Helsinki on 22 March 1983, in one copy in the Finnish, Danish, Icelandic, Norwegian and Swedish languages, there being two texts in the Swedish language, one for Finland and one for Sweden, all the texts being equally authentic.

JERMU LAINE

KJELD MORTENSEN

SIGURBJÖRN THORBJÖRNSSON

O. BUCHER-JOHANNESSEN

KAJ SUNDBERG

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