

No. 23172

**SWEDEN
and
ARGENTINA**

Agreement for the avoidance of double taxation with respect to taxes on income and fortune. Signed at Buenos Aires on 3 September 1962

*Authentic texts: Swedish and Spanish.
Registered by Sweden on 11 December 1984.*

**SUÈDE
et
ARGENTINE**

Convention tendant à éviter la double imposition en matière d'impôts sur le revenu et d'impôts sur la fortune. Signée à Buenos Aires le 3 septembre 1962

*Textes authentiques : suédois et espagnol.
Enregistrée par la Suède le 11 décembre 1984.*

[TRANSLATION — TRADUCTION]

AGREEMENT¹ BETWEEN SWEDEN AND ARGENTINA FOR THE
 AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO
 TAXES ON INCOME AND FORTUNE

The Government of the Kingdom of Sweden and the Government of the Argentine Republic, desiring to conclude an Agreement for the Avoidance of Double Taxation with respect to Taxes on Income and Fortune, have agreed as follows:

Article I. 1. The taxes to which this Agreement applies are:

- (1) In the case of Sweden:
- (a) The state income tax (*den statliga inkomstskatten*), including the seamen's tax (*sjömansskatten*) and the coupon tax (*kupongskatten*);
 - (b) The tax on public entertainers (*bevillningsavgifterna för särskilda förmåner och rättigheter*);
 - (c) The tax on undistributed profits (*ersättningskatten*);
 - (d) The tax on distributed profits (*utskiftningskatten*);
 - (e) The communal income tax (*den kommunala inkomstskatten*); and
 - (f) The state fortune tax (*den statliga förmögenhetsskatten*) (hereinafter referred to as "Swedish tax").
- (2) In the case of Argentina:
- (a) The income tax (*el impuesto a los réditos*);
 - (b) The excess profits tax (*el impuesto a los beneficios extraordinarios*); and
 - (c) The capital gains tax (*el impuesto a las ganancias eventuales*) (hereinafter referred to as "Argentine tax").

2. This Agreement shall also apply to any other taxes of a substantially similar character imposed in either Contracting State subsequent to the signature of this Agreement.

Article II. 1. In this Agreement, unless the context otherwise requires:

- (a) The terms "one of the Contracting States" and "the other Contracting State" mean Sweden or Argentina, as the context requires;
- (b) The term "tax" means Swedish tax or Argentine tax, as the context requires;
- (c) The term "person" includes any individual, any company and any other body of persons, corporate or not corporate;
- (d) The term "company" means any body corporate or any body of persons regarded as a body corporate for purposes of taxation;
- (e) The expressions "resident of Sweden" and "resident of Argentina" mean, respectively, any person who is domiciled or permanently resident in Sweden for the purposes of Swedish tax and is not resident in Argentina for the purposes of Argen-

¹ Came into force on 14 December 1962 by the exchange of the instruments of ratification, which took place at Stockholm, in accordance with article XXI.

tine tax, and any person who is a resident of Argentina for the purposes of Argentine tax and is not domiciled or permanently resident in Sweden for the purposes of Swedish tax; a company shall be deemed to be resident in Sweden if it is incorporated under the laws of Sweden, or if it is not so incorporated but its business is managed and controlled in Sweden, and shall be deemed to be resident in Argentina if it is incorporated under the laws of Argentina, or if it is not so incorporated but its business is managed and controlled in Argentina;

(f) The terms “Swedish enterprise” and “Argentine enterprise” mean, respectively, an industrial or commercial enterprise operated in Sweden by a resident of Sweden and an industrial or commercial enterprise operated in Argentina by a resident of Argentina, and the expressions “enterprise of one of the Contracting States” and “enterprise of the other Contracting State” mean a Swedish enterprise or an Argentine enterprise, as the context requires;

(g) The term “permanent establishment” means a fixed place of business in which the business of the enterprise is wholly or partly carried on;

(I) The following, in particular, shall be deemed to be permanent establishments:

- (a) A place of management;
- (b) A branch;
- (c) An office;
- (d) A factory;
- (e) A workshop;
- (f) A mine, quarry or other place of extraction of natural resources;

(II) The term “permanent establishment” shall not be deemed to include:

- (a) The use of facilities solely for the purpose of storage, display or delivery of goods belonging to the enterprise, provided that no selling operation is carried out in the country in which the facilities are situated;
- (b) The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery, provided that no selling operation is carried out in the country in which the stock is situated;
- (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 for collecting information, for the enterprise;
- (e) The maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character, for the enterprise;

(III) A person acting in one of the Contracting States on behalf of an enterprise of the other Contracting State—other than an independent agent to whom subparagraph (IV) applies—shall be deemed to be a permanent establishment in the first-mentioned State if he has, and habitually exercises in that State, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise;

(IV) An enterprise of one of the Contracting States shall not be deemed to have a permanent establishment in the other Contracting State merely because it

carries on business in that other State through a broker, general commission agent or any other independent agent, where such persons are acting in the ordinary course of their business;

- (V) The fact that a company which is a resident of one of the Contracting States controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other;
- (VI) Without prejudice to the provisions of sub-paragraphs (II) (d) and (III), an enterprise of one of the Contracting States shall be deemed to have a permanent establishment in the other Contracting State if the enterprise maintains in the latter State, for the purchase of agricultural products, a fixed place of business or an agent within the meaning of sub-paragraph (III).

(h) The term “competent authority” means, in the case of Sweden, the Minister of Finance or his authorized representative, and, in the case of Argentina, the Secretary of State for Finance.

2. In the application of the provisions of this Agreement by one of the Contracting States any term or expression not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws in force in that State relating to the taxes which are the subject of this Agreement.

Article III. 1. The profits of an enterprise of one of the Contracting States shall be subject to tax only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, tax may be imposed in the other State on the profits of the enterprise but only on so much of them as is attributable to that permanent establishment. Such profits shall be exempt from tax in the first-mentioned State.

2. Where an enterprise of one of the Contracting States carries on business in the other Contracting State through a permanent establishment situated therein, there shall be attributed to that permanent establishment the profits which it might be expected to make if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing quite 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 all expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the Contracting State in which the permanent establishment is situated or elsewhere.

4. If the information available to the taxation authority is inadequate to determine the profits to be attributed to the permanent establishment, nothing in this article shall affect the application of the law of either Contracting State in relation to the liability of the enterprise to pay tax on an amount determined by the exercise of a discretion or the making of an estimate by the taxation authority of that State, provided that such discretion shall be exercised or such estimate made, so far as the information available to the taxation authority permits, in accordance with the principle stated 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, except in cases to which article II, paragraph 1 (g) (VI), applies.

6. For the purposes of this Agreement, the term "profits" includes profits derived from industrial, commercial, agricultural, mining or financial activities but does not include income in the form of rents, royalties, interest, dividends, remuneration for personal services or profits from the operation of ships or aircraft.

Article IV. Where

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

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

Article V. Dividends paid by a company which is a resident of one of the Contracting States to a resident of the other Contracting State shall be subject to tax only in the first-mentioned State.

Article VI. Interest on bonds, securities, notes, debentures, or any other form of indebtedness, derived by a resident of one of the Contracting States from sources in the other Contracting State, shall be subject to tax only in that other State.

Article VII. 1. Any royalty derived from sources in one of the Contracting States by a resident of the other Contracting State who does not carry on a trade or business in the first-mentioned State through a permanent establishment situated therein shall be subject to tax in either Contracting State; however, the tax imposed in the Contracting State from which the royalty is derived may not exceed 15 per cent of the gross amount of the royalty.

2. In this article, the term "royalty" means any royalty or other amount paid as consideration for the use of, or for the privilege of using, any copyright, patent, design, secret process or formula, trade mark, or other like property, but does not include any royalty or other amount paid in respect of the operation of a mine or quarry or of any other extraction of natural resources.

3. Where any royalty exceeds a fair and reasonable consideration in respect of the rights for which it is paid, the provisions of the present article shall apply only to so much of the royalty as represents such fair and reasonable consideration.

4. The Contracting State of which the recipient of the royalty is a resident may tax the gross amount of the royalty (without deduction of the tax levied in the other Contracting State), but there shall be deducted from the tax imposed on the royalty an amount equal to the tax imposed in the other Contracting State.

In the application of this provision in Sweden, when the Argentine tax to which the royalty is subject has been waived or reduced for a limited period of time, there

shall be credited against the tax payable in Sweden on the sum in question an amount equal to the Argentine tax which would have been payable on the royalty if no such waiver or reduction had been granted.

Article VIII. 1. Income of whatever nature derived from immovable property in one of the Contracting States by a resident of the other Contracting State shall be exempt from tax in the latter Contracting State.

2. Any royalty or other amount paid in respect of the operation of a mine or quarry or of any other extraction of natural resources in one of the Contracting States to a resident of the other Contracting State shall be exempt from tax in the latter State.

Article IX. Capital gains derived from the sale, transfer or exchange of capital assets, whether movable or immovable, shall be subject to tax only in the Contracting State in which the assets were situated at the time of such sale, transfer or exchange.

Article X. Where under the provisions of this Agreement a resident of one of the Contracting States is exempt or entitled to relief from tax in the other Contracting State, similar exemption or relief shall be applied to the undivided estate of a deceased person who, at the time of his death, was a resident of that other State, in so far as one or more of the beneficiaries is a resident of the first-mentioned State.

Article XI. 1. (a) Salaries, wages and similar remuneration paid by Sweden to a citizen of Sweden who is not a citizen of Argentina for services rendered to Sweden in the discharge of governmental functions shall be exempt from Argentine tax.

(b) Salaries, wages and similar remuneration paid by Argentina to a citizen of Argentina who is not a citizen of Sweden for services rendered to Argentina in the discharge of governmental functions shall be exempt from Swedish tax.

(c) The provisions of this article shall not apply to wages or similar remuneration paid in respect of services rendered in connexion with any trade or business carried on by either Contracting State for purposes of profit.

2. Any pension or annuity derived by a resident of one of the Contracting States from sources in the other Contracting State shall be subject to tax only in that other State.

In this paragraph, the term "pension" means a periodic payment made in consideration for services rendered or by way of compensation for injuries received, and the term "annuity" means a stated sum payable periodically at stated times, during life or during a specified or ascertainable period of time, under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

Article XII. 1. Income in respect of professional or personal services performed in one of the Contracting States by an individual who is a resident of the other Contracting State shall be subject to tax only in the State in which such services are performed.

2. Where an individual renders services wholly or mainly aboard a ship or aircraft operated by a resident of one of the Contracting States, such services shall be deemed to be rendered in that State.

3. Notwithstanding the provisions of paragraph 1 of this article, remuneration derived by a resident of one of the Contracting States in respect of an employment exercised in the other Contracting State shall be exempt from tax in that other State if:

- (a) The recipient is present in that other State for a period or periods not exceeding in the aggregate eighteen months, in three consecutive calendar years, and
- (b) The remuneration is paid by or on behalf of a resident of the first-mentioned State.

For the purposes of this paragraph, the recipient of the remuneration shall be deemed to be a resident of the first-mentioned State notwithstanding the provisions of article II, paragraph 1 (e).

4. The provisions of paragraph 3 of this article shall not apply to income derived by public entertainers, such as theatre, motion-picture, radio or television artists, musicians and athletes.

5. Directors' fees and similar payments derived by a resident of one of the Contracting States in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State shall be subject to tax only in that other State, provided that the company which pays such fees or similar payments deducts them as expenses.

Article XIII. Any individual who is a resident of one of the Contracting States and who, at the invitation of the other Contracting State or of a university, college, school, museum, or other cultural institution in that other State, or under an official cultural exchange programme, visits that other State solely for the purpose of teaching, giving lectures or engaging in research or artistic activities at such institution for a period not exceeding eighteen months shall be exempt from tax in that other State in respect of the remuneration received for such activities. However, such exemption shall not apply to a citizen of Sweden who is a resident of Argentina at the beginning of the aforesaid period, or to a citizen of Argentina who is a resident of Sweden at the beginning of the said period.

Article XIV. 1. An individual from one of the Contracting States who is temporarily present in the other Contracting State solely

- (a) As a student at a university, college or school in that other State,
- (b) As a business apprentice, or
- (c) As the recipient of a grant, allowance or award for the primary purpose of study or research from a religious, charitable, scientific or educational organization,

shall not be taxed in that other State in respect of remittances from abroad for the purpose of his maintenance, education or training.

2. An individual from one of the Contracting States who is present in the other Contracting State solely as a student at a university, college or school in that other State or as a business apprentice shall be exempt from tax in that other State, for a period not exceeding three consecutive tax years, in respect of remuneration from employment in that other State, provided that

- (a) The remuneration constitutes earnings necessary for his maintenance and education, and

- (b) The said remuneration does not exceed 7,500 Swedish crowns in the tax year, or the equivalent thereof in the currency of Argentina, as the case may be.

Article XV. Where any capital tax is imposed by one or the other or both of the Contracting States the following provisions shall apply:

(a) Capital represented by immovable property may be taxed only in the Contracting State in which such property is situated.

(b) Subject to the provisions of sub-paragraph (a) above, capital represented by assets forming part of the business property employed in a permanent establishment of an enterprise may be taxed only in the Contracting State in which the permanent establishment is situated.

(c) Ships and aircraft operated in international traffic, and assets, other than immovable property, pertaining to the operation of such ships and aircraft shall be taxable only in the Contracting State of which the enterprise is deemed to be a resident.

(d) All other elements of capital of a resident of a Contracting State shall be taxable only in that State.

Article XVI. 1. Subject to the provisions of article VII, income from sources in Sweden which under the laws of Sweden and in accordance with this Agreement is subject to tax in Sweden either directly or by deduction shall be exempt from Argentine tax.

2. Subject to the provisions of article VII, income from sources in Argentina which under the laws of Argentina and in accordance with this Agreement is subject to tax in Argentina either directly or by deduction shall be exempt from Swedish tax.

3. The graduated rate of Swedish tax to be imposed on residents of Sweden may be calculated as though income or capital exempted under this Agreement were included in the amount of the total income or capital.

4. The graduated rate of Argentine tax to be imposed on residents of Argentina may be calculated as though income exempted under this Agreement were included in the amount of the total income.

Article XVII. This Agreement shall not be deemed to affect the exchange of notes between Argentina and Sweden concerning the reciprocal exemption from tax of income derived from sea and air transport, signed at Buenos Aires on 20 November 1948.¹

Article XVIII. 1. Nationals of one of the Contracting States who are resident in the other Contracting State shall not be subjected in the latter to any taxation which is other or more burdensome than the taxation to which nationals of that other State who are resident there are subjected.

2. In this article, the term "nationals" means:

- (a) In relation to Sweden, all Swedish citizens and all legal persons, partnerships and associations deriving their status as such from the law in force in Sweden.
- (b) In relation to Argentina, all Argentine citizens and all legal persons, partnerships and associations deriving their status as such from the law in force in Argentina.

¹ United Nations, *Treaty Series*, vol. 197, p. 47.

3. A company which is resident in one of the Contracting States shall not be subjected to any tax on fortune in the other Contracting State which is other or more burdensome than the tax on capital to which a company which is deemed to be a resident of that other State is or may be subjected.

4. In paragraph 1 of this article, the term "taxation" means taxes of every kind and description.

5. The provisions of this article shall in no circumstances be applied in such a way as to cause a heavier tax burden than if this Agreement had not existed.

Article XIX. 1. The competent authorities of the Contracting States shall exchange such information (being information which is available under their respective taxation laws in the normal course of administration) as is necessary for carrying out the provisions of this Agreement or for the prevention of fraud or for the administration of statutory provisions in relation to the taxes which are the subject of this Agreement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than those concerned with the assessment and collection of the taxes which are the subject of this Agreement. No information shall be exchanged which would disclose any trade, business, industrial or professional secret or trade process.

2. The competent authorities of the two Contracting States may lay down such regulations as are necessary to give effect to this Agreement within their respective territories.

3. The competent authorities of the two Contracting States may communicate with each other directly for the purpose of giving effect to the provisions of this Agreement.

4. The competent authorities of the two Contracting States shall keep each other informed of significant changes in the tax laws of their respective States, and, in the event of appreciable modifications in such laws, shall consult together to determine whether amendments to this Agreement are desirable.

Article XX. Where a taxpayer shows proof that the action of the tax authorities of either Contracting State has resulted, or may result, in taxation contrary to the provisions of this Agreement, he shall be entitled to present his case to the competent authority of the Contracting State of which he is a resident. Should the claim be upheld, the competent authority to which the case was presented shall endeavour to come to an agreement with the competent authority of the other Contracting State with a view to avoiding such taxation.

Article XXI. 1. This Agreement shall be ratified by the Contracting States in accordance with their respective constitutional and legal requirements.

2. The instruments of ratification shall be exchanged at Stockholm as soon as possible.

3. Upon the exchange of ratifications this Agreement shall take effect in respect of income derived on or after 1 January of the calendar year next following that in which the ratifications are exchanged; and, in so far as the Swedish State fortune tax is concerned, in respect of tax which is assessed in or after the calendar year next following that in which the ratifications are exchanged.

Article XXII. This Agreement shall continue in effect indefinitely, but either of the Contracting States may, on or before 30 June in any calendar year not earlier

than the third year following the calendar in which the ratifications are exchanged, give to the other Contracting State, through diplomatic channels, written notice of termination. In such event, this Agreement shall cease to be effective in respect of income derived on or after 1 January of the calendar year next following that in which such notice is given, and, in so far as fortune tax is concerned, in respect of tax assessed in or after the calendar year next following that in which such notice is given.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have signed this Agreement and have affixed thereto their seals.

DONE at Buenos Aires, on 3 September 1962, in four copies, two in Swedish and two in Spanish.

For the Swedish Government:

C. H. PETERSÉN
Acting Chargé d'affaires

For the Argentine Government:

BONIFACIO DEL CARRIL
Minister for Foreign Affairs and Worship
