

**No. 33366**

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**MEXICO  
and  
NORWAY**

**Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital. Signed at Oslo on 23 March 1995**

*Authentic texts: Spanish and Norwegian.*

*Registered by Mexico on 18 November 1996.*

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**MEXIQUE  
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**Convention tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu et sur la fortune. Signé à Oslo le 23 mars 1995**

*Textes authentiques : espagnol et norvégien.*

*Enregistré par le Mexique le 18 novembre 1996.*

## [TRANSLATION — TRADUCTION]

CONVENTION<sup>1</sup> BETWEEN THE UNITED MEXICAN STATES AND  
THE KINGDOM OF NORWAY FOR THE AVOIDANCE OF DOU-  
BLE TAXATION AND THE PREVENTION OF FISCAL EVASION  
WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

The Government of the United Mexican States and the Government of the Kingdom of Norway, desiring to conclude a Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, and on Capital, have agreed as follows:

*Article 1. PERSONAL SCOPE*

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

*Article 2. TAXES COVERED*

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, in particular:

(a) In Mexico:

- (i) The income tax (*el impuesto sobre la renta*); and
  - (ii) The tax on business property (*el impuesto al activo*);
- (hereinafter referred to as “Mexican tax”);

(b) In Norway:

- (i) The national tax on income (*inntektsskatt til staten*);
- (ii) The county municipal tax on income (*inntektsskatt til fylkeskommunen*);
- (iii) The municipal tax on income (*inntektsskatt til kommunen*);
- (iv) The national contributions to the Tax Equalisation Fund (*felleskatt til Skattefordelingsfondet*);
- (v) The national tax on capital (*formuesskatt til staten*);
- (vi) The municipal tax on capital (*formuesskatt til kommunen*);
- (vii) The national tax relating to income and capital from the exploration for and the exploration of submarine petroleum resources and activities and work

<sup>1</sup> Came into force on 23 January 1996 by notification, in accordance with article 29.

relating thereto, including pipeline transport of petroleum produced (*skatt til staten vedrørende inntekt og formue i forbindelse med undersøkelse etter og utnyttelse av undersjøiske petroleumforekomster og dertil knyttet virksomhet og arbeid, herunder rørledningstransport av utvunnet petroleum*); and

- (viii) The national dues on remuneration to non-resident artistes (*avgift til staten av honorarer som tilfaller kunstnere bosatt i utlandet*);

(hereinafter referred to as “Norwegian tax”).

4. The Convention shall apply also to any identical or substantially similar taxes which are imposed by either Contracting State 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 significant changes which have been made in their respective taxation laws.

### Article 3. GENERAL DEFINITIONS

1. For the purposes of this Convention, unless the context otherwise requires:

(a) The term “Mexico” means the United Mexican States; when used in a geographical sense, it means the territory of the United Mexican States, as well as the integral parts of the Federation; the islands, including the reefs and cays in the adjacent seas; the islands of Guadalupe and Revillagigedo; the continental shelf and the seabed and sub-soil of the islands, cays and reefs; the waters of the territorial seas to the extent and limits established by international law, and the inland waters; and the air space over the national territory to the extent and under the conditions established by the international law;

(b) The term “Norway” means the Kingdom of Norway, including any area outside the territorial waters of the Kingdom of Norway where the Kingdom of Norway, according to Norwegian legislation and in accordance with international law, may exercise its rights with respect to the seabed and subsoil and their natural resources; the term does not comprise Svalbard, Jan Mayen and the Norwegian dependencies (“*biland*”);

(c) The term “national” means:

- (i) Any individual possessing the nationality of a Contracting State;
- (ii) Any body corporate, partnership or association deriving its status as such from the laws in force in a Contracting State;

(d) The term “person” includes an individual, a company and any other body of persons;

(e) The term “company” means any body corporate or any entity which is treated as a body corporate for tax purposes;

(f) The terms “a Contracting State” and “the other Contracting State” mean Mexico or Norway, as the context requires;

(g) The terms “enterprise of a Contracting State” and “enterprise of the other Contracting State” mean, respectively, an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;

(h) The term “international traffic” means any transport by a ship or aircraft operated by an enterprise of a Contracting State, except when the ship or aircraft is operated solely between two places in the other Contracting State;

(i) The term “competent authority” means:

- (i) In Mexico, the Ministry of Finance and Public Credit;
- (ii) In Norway, the Minister of Finance and Customs, or his authorized representative.

2. As regards the application of the 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. RESIDENT*

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. However, this term does not include any person who is liable to tax in that State in respect only of income from sources in that State or of capital situated therein.

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

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

(b) If the State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident of the State in which he has an habitual abode;

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

(d) In any other case, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, 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, a construction, assembly or installation project or supervisory activities in connection therewith shall constitute a permanent establishment only where such site, project or activities continue for a period of more than six 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 advertising, supply of information, scientific research, preparations relating to the placement of loans, market research or similar activities 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 (c), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

5. Notwithstanding the provisions of paragraphs 1 and 2, where a person — other than an agent of an independent status to whom paragraph 7 applies — is acting on behalf of an enterprise and has, and habitually exercises, in 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 that 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. Notwithstanding the preceding provisions of this article, an insurance enterprise of a Contracting State shall, except in regard to re-insurance, be deemed to have a permanent establishment in the other Contracting State if it collects premiums in the territory of that other State or insures risks situated therein through a representative who is employed or carries on business in that other State, other than an agent of an independent status to whom paragraph 7 applies.

7. 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 and that

conditions are not made or imposed in their commercial or financial relations with such enterprise which differ from those which would generally be made by independent agents.

8. 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 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.

#### *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 the other Contracting State may be taxed in that other State.

2. The term “immovable property” shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, buildings, 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; ships and aircraft shall not be regarded as immovable property.

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. 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.

#### *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 or has carried on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on or has carried 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. If a company which is a resident of a Contracting State has a permanent establishment in the other Contracting State and alienates goods to persons in that other State that are the same as or similar to goods alienated through that permanent establishment, the profits from such alienations shall be attributed to that permanent establishment. However, the profits from such alienations shall not be attributed to that permanent establishment if the enterprise demonstrates that such alienations were made for a purpose other than that of securing the benefit of the provisions of this Convention.

2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting State carries on or has carried on business in the other 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. However, no such deduction shall be allowed in respect of amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commission, for specific services performed or for management, or, except in the case of a bank, by way of interest on moneys lent to the permanent establishment.

4. Insofar 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 in that manner; 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 on the sole ground that it purchases 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, AIR AND CONTAINER TRANSPORT*

1. Profits of an enterprise of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that State. The profits referred to in this paragraph shall not include profits from the provision of hospitality or from transportation activities other than the operation of ships and aircraft in international traffic.

2. Notwithstanding the provisions of article 7 of this Convention, the profits of an enterprise of a Contracting State from the use, maintenance or rental of containers used for the transport of goods or merchandise may be taxed only in that State, except insofar as those containers are used for transport solely between two places within the other Contracting State.

3. The provisions of paragraphs 1 and 2 of this article shall also apply to profits from participation in a pool, a joint business or an international operating agency.

4. Where companies from different countries have agreed to carry out air transportation activities jointly in the form of a consortium or other type of joint enterprise, the provisions of paragraphs 1 and 2 shall apply only to that portion of the profits of the consortium or joint enterprise which correspond to the participa-

tion in that consortium or joint enterprise by a company which is a resident of a Contracting State.

#### *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 the other 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 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 10. DIVIDENDS*

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

2. However, such dividends 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, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed 15 per cent of the gross amount of the dividends.

3. Notwithstanding the provisions of paragraph 2, the State of which the company paying the dividends is a resident may not tax the dividends if the beneficial owner of the dividends is a company (as distinct from a partnership) which is a resident of the other State and holds directly at least 25 per cent of the capital of the company paying the dividends.

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

4. The term “dividends” as used in this article means income from shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.

5. The provisions of paragraphs 1, 2 and 3 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated in that other Contracting State, or performs independent personal services from a fixed base situated in that other Contracting State, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of article 7 or article 14, as the case may be, shall apply.

6. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax



on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar 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.

#### *Article 11. INTEREST*

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

2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest, the tax so charged shall, subject to the provisions of paragraph 3, not exceed:

- (a) 10 per cent of the gross amount of the interest paid to banks;
- (b) 15 per cent of the gross amount of the interest in all other cases.

3. During a period of four years from the date upon which the provisions of this Convention come into effect, a tax rate of 15 per cent shall be applied instead of the rate specified in subparagraph (a) of paragraph 2.

4. Notwithstanding the provisions of paragraph 2:

(a) Interest arising in a Contracting State may be taxed in the other Contracting State only where the beneficial owner is a resident of that other State and the person paying the interest or the recipient of the interest is the Government of a Contracting State or a political subdivision, a local authority, or the central bank of that State;

(b) Interest arising in Mexico and paid to a resident of Norway who is the beneficial owner thereof may be taxed in Norway only when it is paid in respect of a loan for a term of at least three years, which has been granted, guaranteed or assured, or a debt-claim for that term, which has been granted, guaranteed or assured, by the Norwegian Guarantee Institute for Export Credits or A/S Eksportfinans;

(c) Interest arising in Norway and paid to a resident of Mexico who is the beneficial owner thereof may be taxed in Mexico only when it is paid in respect of a loan for a term of at least three years, which has been granted, guaranteed or assured, or a debt-claim for that term, which has been granted, guaranteed or assured, by the Banco Nacional de Comercio Exterior, S.N.C., Nacional Financiera, S.N.C., or Banco Nacional de Obras y Servicios, S.N.C.;

(d) Interest arising in a Contracting State whose beneficial owner is a pension fund resident in the other Contracting State, the income of which is generally exempt from taxation, may be taxed only in that other State.

5. The term "interest" as used in this article means income from debt-claims of any kind, whether or not secured by mortgage and, in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures, as well as income which is subjected to the same taxation treatment as income from loans by the laws of the State in which the income arises. Penalty charges for late payment shall not be regarded as interest for the purpose of this article.

6. The provisions of paragraphs 1, 2, 3 and 4 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of article 7 or article 14, as the case may be, shall apply.

7. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base which bears the interest, then such interest shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

8. Where, by reason of a special relationship between the payer and the beneficial owner of the interest or between both of them and some other person, the amount of the interest exceeds, for any reason, the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

9. The provisions of this article shall not apply if the competent authorities agree that the debt-claim in respect of which the interest is paid was granted or assigned mainly for the purpose of taking advantage of this article. In such case, the provisions of the domestic law of the Contracting State in which the interest arises shall apply.

#### *Article 12. ROYALTIES*

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

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

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 cinematograph films, or films or tape 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. The term “royalties” also includes gains derived from the alienation of any such rights or properties which depend on the productivity or use thereof.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent estab-

lishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of article 7 or article 14, as the case may be, shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base which bears the royalties, then such royalties shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

6. Where by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

7. The provisions of this article shall not apply if the competent authorities agree that the rights in respect of which the royalties are paid were granted or assigned mainly for the purpose of taking advantage of this article. In such case, the provisions of the domestic law of the Contracting State in which the royalties arise shall apply.

8. If the calculation of the Mexican tax on royalties in accordance with Mexican domestic law, results in a surplus in the tax on assets, the competent authorities shall consult each other for the purpose of determining whether the amount of the royalties corresponds to what would have been agreed on independently (at arm's length).

### *Article 13. CAPITAL GAINS*

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

2. Gains from the alienation of shares or other rights in a company, the assets of which consist principally, directly or indirectly, of immovable property situated in a Contracting State or rights pertaining to such immovable property, may be taxed in that State. For the purposes of this paragraph, immovable property used by a company in its industrial, commercial or agricultural activities or in the conduct of independent personal services shall not be taken into account.

3. Gains from the alienation of shares representing a participation of more than 25 per cent of the stock of a company which is a resident of a Contracting State, may be taxed in that State.

4. Notwithstanding the provisions of paragraph 7, a Contracting State may tax the gains derived by an individual of the other Contracting State from the alienation of shares or other corporate rights in a company which is a resident of the first-mentioned State, and the gains derived from the alienation of any other asset

which is subject in that State to the same tax treatment as the gains derived from the alienation of those shares or other rights, but only if:

(a) The alienator has been a resident of the first-mentioned State at any time during the five years immediately prior to the alienation of the shares, rights or assets; and

(b) The alienator was the beneficial owner of the above-mentioned shares or rights while he was a resident of the first-mentioned State.

5. Gains from alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other 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.

6. Gains from the alienation of ships or aircraft operated or containers used in international traffic, or of movable property pertaining to the operation of such ships or aircraft, shall be taxable only in the Contracting State in which the profits of the enterprise may be taxed in accordance with article 8 of this Convention.

7. Gains from the alienation of any property other than that referred to in the preceding paragraphs of this article or in article 12 shall be taxable only in the Contracting State of which the alienator is a resident.

#### *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. However, such income may also be taxed in the other Contracting State if:

(a) The resident, who is an individual, is present in the other State for a period or periods exceeding in the aggregate 183 days in any period of 12 months beginning or ending in the fiscal year concerned; or

(b) The resident has a fixed base regularly available to him in that other State for the purpose of performing his activities;

but only so much thereof as is attributable to services performed in that other State.

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 and 19, 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 the other 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 the other Contracting State shall be taxable only in the first-mentioned State if:

(a) The recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in any period of 12 months which begins or ends in the fiscal year concerned; and

(b) The remuneration is paid by, or on behalf of, an employer who is a resident of the State of which the recipient is a resident; and

(c) The remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

3. The provisions of paragraph 2 of this article shall not apply to remuneration derived by a resident of a Contracting State, in this paragraph called "the employee", and paid by or on behalf of an employer who is resident of that State in respect of an employment exercised in the other Contracting State where:

(a) The employee renders services in the course of that employment to a person other than the employer who, directly or indirectly, supervises, directs or controls the manner in which those services are performed; and

(b) The employer is not responsible for carrying out the purposes for which the services are performed.

4. Notwithstanding the preceding provisions of this article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic may be taxed in the Contracting State in which the profits of the enterprise are taxed in accordance with article 8 of this Convention.

5. Where a resident of Norway derives remuneration in respect of an employment exercised aboard an aircraft operated in international traffic by the Scandinavian Airlines System (SAS) consortium, such remuneration shall be taxable only in Norway.

#### 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 a board of directors or similar body and, in the case of Mexico, in his capacity as *administrador* or *comisario* of a company which is a resident of the other Contracting State, may be taxed in that other State.

#### Article 17. ENTERTAINERS AND SPORTSMEN

1. Notwithstanding the provisions of articles 7, 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 a sportsman, may be taxed in that other State. Income derived by an entertainer or a sportsman who is a resident of a Contracting State from his personal activities exercised on the other Contracting State on the basis of his reputation as an entertainer or athlete may be taxed in that other State.

2. Where income in respect of personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman 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 sportsman are exercised.

3. The provisions of paragraphs 1 and 2 shall not apply to income derived by entertainers or sportsmen from activities exercised in a Contracting State when the visit to that State is substantially supported by public funds of the other Contracting State, or a political subdivision or local authority thereof. In such case, the income may be taxed only in the State in which the entertainer or sportsman resides.

*Article 18. PENSIONS, ANNUITIES, DISBURSEMENTS UNDER A SOCIAL SECURITY SYSTEM AND ALIMONY*

1. Pensions (including government pensions and disbursements under a social security system) and annuities paid to a resident of a Contracting State may be taxed only in that State.

2. Alimony and other maintenance payments to a resident of a Contracting State may be taxed only in that State. However, alimony and other maintenance payments by a resident of one of the Contracting States to a resident of the other Contracting State, if not allowable as a relief to the payer, may be taxed only in the first-mentioned State.

*Article 19. GOVERNMENT SERVICE*

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

(b) However, such remuneration shall be taxable only in the other Contracting State if the services are rendered in that other State and the individual is a resident of that State who:

- (i) Is a national of that State; or
- (ii) Did not become a resident of that State solely for the purpose of rendering the services.

2. The provisions of articles 15, 16 and 17 shall apply to remuneration in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or a local authority thereof.

*Article 20. STUDENTS*

Payments which a student, apprentice or business trainee who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that State, provided that such payments arise from sources outside that State.

*Article 21. OFFSHORE ACTIVITIES*

1. The provisions of this article shall apply notwithstanding any other provision of this Convention.

2. Subject to the provisions of paragraphs 3 and 4 of this article, a person resident in a Contracting State who carries on offshore activities in the other Contracting State in connection with the exploration or exploitation of the seabed and subsoil and their natural resources situated in that other State shall be deemed to be carrying on business in that other State in respect of those activities through a permanent establishment or fixed base situated therein.

3. The term “activities” envisaged in paragraph 2 shall be deemed to include the bare-boat leasing of oil rigs or equipment for similar purposes.

4. The provisions of paragraph 2 shall not apply when the activities are carried on for a period not exceeding in the aggregate 30 days in any 12 month period. However, for the purposes of this paragraph:

(a) Activities carried on by an enterprise associated with another enterprise shall be deemed to be carried on by the enterprise with which it is associated, when the activities in question are substantially similar to those carried on by the first-mentioned enterprise;

(b) Two enterprises shall be regarded as associated when one is controlled, directly or indirectly, by the other, or when both are controlled, directly or indirectly, by a third party or parties.

5. Notwithstanding the provisions of paragraph 1, profits derived by a resident of a Contracting State from the transportation of supplies or personnel to a place or between two places in a Contracting State in which activities are carried on in connection with the exploration or exploitation of the seabed and subsoil and their natural resources, or derived from the operation of tugboats or other auxiliary vessels for such activities, may be taxed in accordance with the other articles of this Convention.

6. (a) Subject to the provisions of subparagraph (b) of this paragraph, salaries, wages and similar remuneration derived by a resident of a Contracting State in respect of an employment connected with the exploration or exploitation of the seabed and subsoil and their natural resources situated in the other Contracting State, to the extent that the work is carried on offshore in that other State, may be taxed in that other State. However, such remuneration shall be taxable only in the first-mentioned State when the employment is carried on offshore for an employer who is resident in that State for a period not exceeding in the aggregate 30 days in any 12-month period.

(b) The salaries, wages and similar remuneration derived by a resident of a Contracting State in respect of an employment on board a ship or aircraft engaged in the transportation of supplies or personnel to a place or between two places in a Contracting State in which business is carried on relating to the exploration or exploitation of the seabed and subsoil and their natural resources, or in respect of employment exercised on board tugboats or other vessels used in an auxiliary manner for those activities, may be taxed in accordance with article 15.

7. Gains derived by a resident of a Contracting State from the alienation of:

(a) Exploration or exploitation rights; or

(b) Property situated in the other Contracting State and used in connection with the exploration or exploitation of the seabed and subsoil and their natural resources situated in that other State; or

(c) Shares deriving their value or the greater part of their value directly or indirectly from such rights or such property, or from such rights and such property taken together;

may be taxed in that other State.

In this paragraph “exploration or exploitation rights” means rights to assets produced in the other Contracting State by the exploration or exploitation of the seabed and subsoil and their natural resources, including rights to such assets or to the profits derived from such assets.

#### *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 to income, other than income from immovable property as defined in paragraph 2 of article 6, if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of article 7 or article 14, as the case may be, shall apply.

3. Notwithstanding the provisions of paragraphs 1 and 2, items of income of a resident of a Contracting State not dealt with in the foregoing articles of this Convention and arising in the other Contracting State may be taxed in that other State.

#### *Article 23. CAPITAL*

1. Capital represented by immovable property referred to in article 6, paragraph 2, owned by a resident of Norway and situated in Mexico, or represented by shares in a company whose assets consist mainly of such property, shall be exempt from taxation in Norway.

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

3. Capital represented by ships, aircraft or containers used in international traffic by an enterprise of a Contracting State, and by movable property pertaining to the use of such ships, aircraft or containers, shall be taxable only in that State.

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

#### *Article 24. ELIMINATION OF DOUBLE TAXATION*

1. Subject to the provisions and without prejudice to the restrictions of the legislation of the Contracting States (as it may be amended from time to time without affecting its general principles):



(a) Where a resident of a Contracting State derives income which, in accordance with the provisions of this Convention, may be taxed in the other Contracting State, the first-mentioned State shall allow as a deduction from the tax on the income of that resident an amount equal to the tax paid in that other State;

(b) However, such deduction shall not exceed, in any circumstances, that part of the income tax, as computed before the deduction is granted, which is attributable to income which may be taxed in that other Contracting State;

(c) Where, in accordance with any provision of the Convention, the income derived by a resident of a Contracting State is exempt from tax in that State, such state may nevertheless, in calculating the amount of tax on the remaining income of that resident, take into account the exempted income.

2. For the purposes of paragraph 1 of this article, the income tax paid in Mexico by a resident of Norway in respect of profits derived through a permanent establishment situated in Mexico from entrepreneurial activities carried out in Mexico in the area of manufacturing, agriculture (including livestock raising), forestry, fishing, tourism (including restaurants and hotels) or telecommunications, shall be deemed to include any amount of tax which would have been chargeable as Mexican tax in any given year were it not for the tax reductions granted for that year or any part of that year as a result of the application of the provisions of Mexican law, in accordance with paragraph 4 of this article.

3. Notwithstanding the provisions of paragraph 1, where the dividends are paid by a company which is a resident of Mexico to an individual (or a company) resident in Norway which holds, directly or indirectly, at least 25 per cent of the social capital of the first-mentioned company, and those dividends are paid on profits which are subject to a reduction or exemption of tax on the income derived from the activities mentioned in paragraph 2, then, subject to the provisions of Mexican legislation in accordance with the provisions of paragraph 4 of this article, those dividends shall be exempt from tax in Norway.

4. Paragraphs 2 and 3 of this article shall be applicable, provided that the tax reduction or exemption arises as a consequence of the application of any of the following provisions of Mexican law:

(a) Articles 13, 51, 51-A and 143 of the income tax act of Mexico, provided that they are in force and have not been amended since the date of the signature of this Convention, or have been amended only in minor aspects without affecting their overall character; or

(b) Any other provision which may be introduced later which grants a tax reduction which the competent authorities of the Contracting States agree has a substantially similar character, if it has not been amended since then, or has been amended only in minor aspects, without affecting its overall character.

5. For the purposes of paragraph 1 of this article, the Mexican tax paid by a resident of Norway in respect of royalties deriving from Mexico in relation to activities carried out in Mexico in the area of industrial processes, manufacturing, agriculture (including livestock-raising), forestry, fishing or telecommunications shall be considered to have been paid in an amount 5 per cent higher than the tax actually paid; if this tax has not been paid, it shall be considered that 5 per cent of the gross amount of the royalties has been paid.

6. The provisions of paragraphs 2, 3, 4 and 5 shall apply on condition that the entrepreneurial activities in question are not carried out in the financial sector and that not more than 25 per cent of the profits, dividends or royalties, as applicable, are derived from interest and gains from the alienation of shares and bonds, or consist of profits deriving from third countries.

7. The provisions of paragraphs 2, 3, 4, 5 and 6 shall apply only for the first five years during which this Convention is effective. This period may be extended by mutual agreement between the competent authorities.

8. For the purposes of this Convention, the Mexican assets tax mentioned in article 2, paragraph 3, shall be regarded as an income tax.

#### *Article 25. NON-DISCRIMINATION*

1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than those to which nationals of that other State in the same circumstances, especially in respect of residence, are or may be subjected.

2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities. This provision should not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, exemptions and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

3. Except where the provisions of article 9, paragraph 8 of article 11, or paragraph 6 of article 12 apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other 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.

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 the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.

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

#### *Article 26. MUTUAL AGREEMENT PROCEDURE*

1. Where a person considers that the actions of one or both of the 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 to that of the Contracting State of which he is a national. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Convention.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with this Convention, provided that the other Contracting State is notified of the case within four years and six months following the date on which the declaration was made or should have been made in that other State, whichever was later. In such case, the agreement reached may be implemented within ten years starting on that date.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention.

4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs. Where it is considered appropriate to have an oral exchange of views in order to reach agreement, such exchange may take place in a commission consisting of representatives of the competent authorities of the Contracting States.

5. Notwithstanding the provisions of any other treaty, agreement or convention to which the Contracting States are parties, any issue in respect of taxation which arises between the Contracting States, including any dispute as to whether this Convention is applicable, shall be resolved solely in accordance with this article, except where the competent authorities agree otherwise.

#### Article 27. EXCHANGE OF INFORMATION

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the Contracting States concerning taxes established by the Contracting States insofar as the taxation thereunder is not contrary to the Convention. The exchange of information shall apply to taxes of any kind and description and shall not be restricted by article 1. Any information received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes imposed by that State. Such persons or authorities shall use the information only for tax purposes. They may disclose the information in public court proceedings or in judicial decisions.

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

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

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

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

*Article 28.* 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 29.* ENTRY INTO FORCE

1. Each Contracting State shall notify the other in writing that the procedures required by its legislation for the entry into force of this Convention have been complied with. The Convention shall enter into force upon receipt of the second such notification.

2. The provisions of this Convention shall have effect on income derived on or after the first day of January following the date of the entry into force of this Convention.

*Article 30.* TERMINATION

This Convention shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Convention, through the diplomatic channel, by giving written notice of termination at least six months before the end of any calendar year after the expiration of a period of five years from its entry into force. In such case, the Convention shall cease to have effect on income derived on or after the first day of January of the year next following that in which the notice of termination is given.

IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Governments, have signed this Convention.

DONE at the city of Oslo on 23 March 1995, in two original copies in the Spanish and Norwegian languages, both texts being equally authentic.

For the Government  
of the United Mexican States:

ANTONIO VILLEGAS  
Ambassador

For the Government  
of the Kingdom of Norway:

BJORN TORE GODAL  
Minister for Foreign Affairs