

No. 5808

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
SWEDEN**

**Convention for the avoidance of double taxation and the
prevention of fiscal evasion with respect to taxes on
income. Signed at London, on 28 July 1960**

Official texts: English and Swedish.

*Registered by the United Kingdom of Great Britain and Northern Ireland on
16 August 1961.*

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
SUÈDE**

**Convention tendant à éviter la double imposition et à
prévenir l'évasion fiscale en matière d'impôts sur le
revenu. Signée à Londres, le 28 juillet 1960**

Textes officiels anglais et suédois.

*Enregistrée par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le
16 août 1961.*

No. 5808. CONVENTION¹ BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE KINGDOM OF SWEDEN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME. SIGNED AT LONDON, ON 28 JULY 1960

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Sweden;

Desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income;

Have agreed as follows :

Article I

(1) The taxes which are the subject of the present Convention are :

(a) In Sweden :

- (i) the State income tax, including sailors tax and coupon tax;
- (ii) the tax on the undistributed profits of companies (*ersättningsskatt*);
- (iii) the tax on public entertainers (*bevillningsavgifterna för särskilda förmåner och rättigheter*);
- (iv) the communal income tax (*kommunal inkomstskatt*); and
- (v) the State capital tax (hereinafter referred to as " Swedish tax ").

(b) In the United Kingdom of Great Britain and Northern Ireland :

- (i) the income tax (including surtax); and
- (ii) the profits tax (hereinafter referred to as " United Kingdom tax ").

(2) This Convention shall also apply to any identical or substantially similar taxes which are subsequently imposed in addition to, or in place of, the existing taxes.

¹ Came into force on 14 February 1961, upon the exchange of the instruments of ratification at Stockholm, in accordance with article XXIX.

Article II

(1) In the present Convention, unless the context otherwise requires :

(a) the term “ United Kingdom ” means Great Britain and Northern Ireland, excluding the Channel Islands and the Isle of Man;

(b) the terms “ one of the territories ” and “ the other territory ” mean the United Kingdom or Sweden, as the context requires;

(c) the term “ taxation authorities ” means, in the case of Sweden, the Minister of Finance or his authorised representative; in the case of the United Kingdom the Commissioners of Inland Revenue or their authorised representative; and, in the case of any territory to which this Convention is extended under Article XXVIII, the competent authority for the administration in such territory of the taxes to which this Convention applies;

(d) the term “ tax ” means United Kingdom tax or Swedish tax, as the context requires;

(e) the term “ person ” includes any body of persons, corporate or not corporate;

(f) the term “ company ” means any body corporate;

(g) (i) the terms “ resident of the United Kingdom ” and “ resident of Sweden ” mean respectively any person who is resident in the United Kingdom for the purposes of United Kingdom tax and any person who is resident in Sweden for the purposes of Swedish tax, but

(ii) where by reason of the provisions of sub-paragraph (g) (i) above an individual is a resident of both territories, then this case shall be solved in accordance with the following rules :

(aa) He shall be deemed to be a resident of the territory in which he has a permanent home available to him. If he has a permanent home available to him in both territories, he shall be deemed to be a resident of the territory with which his personal and economic relations are closest (hereinafter referred to as his centre of vital interests);

(bb) If the territory 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 territory, he shall be deemed to be a resident of the territory in which he has an habitual abode;

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

(dd) If he is a national of both territories or of neither of them, the taxation authorities of the territories shall determine the question by mutual agreement.

(iii) Where by reason of the provisions of sub-paragraph (g) (i) above a legal person is a resident of both territories, then it shall be deemed to be a resident of the territory in which its place of effective management is situated. The same provision shall apply to partnerships and associations which under the national laws by which they are governed are not legal persons.

(h) The terms "resident of one of the territories" and "resident of the other territory" mean a person who is a resident of the United Kingdom or a person who is a resident of Sweden, as the context requires;

(i) The terms "United Kingdom enterprise" and "Swedish enterprise" mean respectively an industrial or commercial enterprise or undertaking carried on by a resident of the United Kingdom and an industrial or commercial enterprise or undertaking carried on by a resident of Sweden, and the terms "enterprise of one of the territories" and "enterprise of the other territory" mean a United Kingdom enterprise or a Swedish enterprise, as the context requires;

(j) The term "industrial or commercial profits" includes rents or royalties in respect of cinematograph including television films;

(k) (i) The term "permanent establishment" means a fixed place of business in which the business of the enterprise is wholly or partly carried on.

(ii) A permanent establishment shall include especially :

(aa) a place of management;

(bb) a branch;

(cc) an office;

(dd) a factory;

(ee) a workshop;

(ff) a mine, quarry or other place of extraction of natural resources;

(gg) a building site or construction or assembly project which exists for more than twelve months.

(iii) The term "permanent establishment" shall not be deemed to include :

(aa) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;

(bb) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;

(cc) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;

- (dd) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise;
- (ee) 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.

(iv) A person acting in one of the territories on behalf of an enterprise of the other territory—other than an agent of an independent status to whom sub-paragraph (k) (v) applies—shall be deemed to be a permanent establishment in the first-mentioned territory if he has, and habitually exercises in that territory, 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.

(v) An enterprise of one of the territories shall not be deemed to have a permanent establishment in the other territory merely because it carries on business in that other territory through a broker, general commission agent or any other agent of an independent status, where such persons are acting in the ordinary course of their business.

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

(l) The term “international traffic” includes traffic between places in one country in the course of a voyage which extends over more than one country.

(2) Where under this Convention any income is exempt from tax in one of the territories if (with or without other conditions) it is subject to tax in the other territory and that income is subject to tax in that other territory by reference to the amount thereof which is remitted to or received in that other territory, the exemption to be allowed under this Convention in the first-mentioned territory shall apply only to the amount so remitted or received.

(3) In the application of the provisions of the present Convention by one of the Contracting Parties any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws in force in the territory of that Party relating to the taxes which are the subject of the present Convention.

Article III

(1) The industrial or commercial profits of a United Kingdom enterprise shall not be subject to Swedish tax unless the enterprise carries on a trade or