No. 6154

SWEDEN
and
MOROCCO

Agreement (with Protocol) for the avoidance of double taxation and the establishment of rules of reciprocal administrative assistance with respect to direct taxes. Signed at Rabat, on 30 March 1961

Official text: French.

Registered by Sweden on 8 May 1962.

SUÈDE
et
MAROC

Convention (avec Protocole) tendant à éviter les doubles impositions et à établir des règles d'assistance administrative réciproque en matière d'impôts directs. Signée à Rabat, le 30 mars 1961

Texte officiel français.

Enregistrée par la Suède le 8 mai 1962.

[Translation — Traduction]

No. 6154. AGREEMENT[1] BETWEEN SWEDEN AND MOROCCO FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE ESTABLISHMENT OF RULES OF RECIPROCAL ADMINISTRATIVE ASSISTANCE WITH RESPECT TO DIRECT TAXES. SIGNED AT RABAT, ON 30 MARCH 1961

His Majesty the King of Sweden and His Majesty the King of Morocco, desirous of avoiding double taxation and of establishing rules of reciprocal administrative assistance with respect to direct taxes, have resolved to conclude an Agreement, and have for that purpose appointed as their plenipotentiaries :

His Majesty the King of Sweden :

Mr. Lennart Petri, Swedish Ambassador at Rabat,

His Majesty the King of Morocco :

Mr. Mhammedi Driss, Minister for Foreign Affairs,

who, having examined each other's full powers, found in good and due form, have agreed on the following provisions :

TITLE I

Double taxation

Article 1

1. The present Agreement relates only to direct taxes.

2. For the purposes of this Agreement, the term "direct taxes" means taxes (including local surtaxes) which, under the laws of the two States, are levied directly on income (gross or net) or fortune, whether on behalf of the Contracting States or on behalf of their provinces and communes. Accordingly, this Agreement does not apply to indirect taxes on turnover and consumption.

3. The following shall be regarded as direct taxes within the meaning of this Agreement :

(1) In the case of Morocco :

(*a*) The business profits tax (*l'impôt sur les bénéfices professionnels*) ;

[1] Came into force on 3 November 1961 by the exchange of the instruments of ratification at Rabat, in accordance with article 21.

(*b*) The tax on public and private salaries, emoluments, fees, wages, pensions and annuities (*le prélèvement sur les traitements publics et privés, les indemnités et émoluments, les salaires, les pensions et les rentes viagères*) ;

(*c*) The tax on urban real property (*la taxe urbaine*) ;

(*d*) The tax on rural real property (*le tertib*).

(2) In the case of Sweden :

(*a*) The State income tax (*den statliga inkomstskatten*), including the coupon tax (*kupongskatten*) ;

(*b*) The State fortune tax (*den statliga förmögenhetsskatten*) ;

(*c*) The general communal tax (*den allmänna kommunalskatten*)

(3) Taxes levied in either State in place of or in addition to the taxes listed in sub-paragraphs (1) and (2) above.

Article 2

Income from immovable property, including income from agriculture and forestry, shall be taxable only in the State in which the property is situated.

Article 3

1. Industrial, mining, commercial or financial enterprises other than those to which article 5 applies shall be liable to taxation in each State in respect of income derived from permanent establishments situated therein.

2. Where the accounts are not adequate to permit the calculation of such income, it shall be fixed at a reasonable percentage of the gross income of the establishment, this percentage being determined on the basis of corresponding figures for similar enterprises in the same State. If necessary, the chief taxation authorities shall make special arrangements in particular cases with a view to determining the amount of tax to be levied by each State.

3. In this Agreement, the term "permanent establishment" means any permanent installation of the enterprise in which the business of the latter is wholly or partly carried on.

4. Income from a commercial or industrial enterprise shall be understood to mean income derived from participation in an enterprise having the form of a company or partnership, with the exception of income from shares, founder's shares and other securities.

5. Where an enterprise of one of the two States, by virtue of its participation in the management or the capital of an enterprise of the other State, makes with or imposes upon the latter enterprise, in their commercial or financial relations, conditions differing from those which would be made with any other enterprises, all profits

which should normally have appeared in the accounts of one of the enterprises but which have in this manner been transferred to the other enterprise may be incorporated in the taxable profits of the former enterprise.

Article 4

A company having its fiscal domicile in Sweden which possesses a permanent establishment in Morocco and is liable in Morocco to the tax on income from movable capital shall pay that tax in accordance with Moroccan tax legislation ; however, the income taxed shall not exceed the amount of the profits realized in Morocco, including any profits or advantages which the company may have derived indirectly from its Moroccan establishment or which may have been allotted or granted to third parties, either by raising or lowering purchase or selling prices or by any other means.

Article 5

Income from maritime or air transport enterprises shall be taxable only in the State in whose territory the place of actual management of the enterprise is situated, provided that the ships fly the flag or that the aircraft possess the nationality of that State.

Article 6

1. Income from work, including income derived from the exercise of professions, shall be taxable only in the State in which the personal activity from which the income is derived is exercised.

2. A profession shall be deemed to be exercised in one of the two Contracting States only if the professional activity has a fixed base in that State.

Article 7

1. Income from loans, deposits, deposit accounts and any other form of indebtedness shall be taxable only in the State in which the creditor has his domicile.

2. If the creditor possesses permanent establishments, within the meaning of article 3, paragraph 3, in both States, and one of those establishments makes a loan or effects a deposit, the tax shall be levied in the State in whose territory the establishment is situated.

Article 8

Income from securities shall be taxable only in the State in whose territory the beneficiary has his domicile.

Nevertheless, dividends paid by a joint-stock company having its fiscal domicile in one of the Contracting States to a joint-stock company having its fiscal domicile in the other State shall be exempt from tax in the latter State, to the extent that and on the terms on which such exemption would be granted under the laws of that State if both companies had their fiscal domiciles in the territory of the said State.

Article 9

Taxes on all income other than that mentioned in the preceding articles, including public and private pensions and annuities, shall be levied only in the State in which the beneficiary has his domicile.

Article 10

1. Taxes on fortune or increase to fortune shall be subject to the following provisions :

(1) In so far as the fortune consists of :

(*a*) Immovable property and its appurtenances ;

(*b*) Commercial or industrial enterprises, including maritime and air transport enterprises,

the tax shall be levied in the State to which tax on income derived from such property is due under the preceding articles.

(2) Tax on all other types of fortune shall be levied in the State of domicile.

Article 11

Personal taxes on aggregate income or total fortune established in the State in which the taxpayer has his domicile shall be levied only on income or fortune which is taxable in that State under the provisions of this Agreement ; but the rate of taxation shall be the rate applicable on the basis of the taxpayer's aggregate income or total fortune.

Article 12

1. For the purposes of this Agreement, the fiscal domicile of an individual shall be his normal place of residence, understood in the sense of his permanent home.

2. Where a taxpayer has no normal residence, as thus defined, in either of the two States, he shall be deemed to be domiciled in that one of the two States in which he has his principal residence, or, in default of such a residence, in the State of which he is a national.