No. 8153

NORWAY
and
CEYLON

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and property. Signed at Colombo, on 11 June 1964

Official text: English.

Registered by Norway on 11 March 1966.

NORVÈGE
et
CEYLAN

Convention tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu et sur la fortune. Signée à Colombo, le 11 juin 1964

Texte officiel anglais.

Enregistrée par la Norvège le 11 mars 1966.

No. 8153. CONVENTION[1] BETWEEN THE GOVERNMENT OF NORWAY AND THE GOVERNMENT OF CEYLON FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND PROPERTY. SIGNED AT COLOMBO, ON 11 JUNE 1964

The Government of Norway and the Government of Ceylon,

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

Have agreed as follows :

Article I

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

(*a*) In Norway :

National income and capital taxes, including tax-equalization dues and special income tax in aid of developing countries;

Municipal income and capital taxes;

Seamen's tax

(hereinafter referred to as " Norwegian tax ");

(*b*) In Ceylon :

The income tax and the wealth tax

(hereinafter referred to as " Ceylon tax ").

(2) This Convention shall also apply to any other taxes of a substantially similar character imposed in Norway or Ceylon subsequently to the date of signature of this Convention.

(3) At the end of each year, the competent authorities of Ceylon and Norway shall notify to each other any significant changes which have been made in their respective taxation laws.

Article II

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

[1] Came into force on 16 January 1966, one month after the date of the exchange of the instruments of ratification which took place at Colombo on 16 December 1965, in accordance with article XXIII.

(*a*) The term " Norway " means the Kingdom of Norway, excluding Svalbard (Spitsbergen), Jan Mayen and the Norwegian dependencies outside Europe;

(*b*) The terms " one of the territories " and " the other territory " mean Norway or Ceylon, as the context requires;

(*c*) The term " tax " means Norwegian tax or Ceylon tax, as the context requires;

(*d*) The term " person " includes any body of persons, corporate or not corporate;

(*e*) The term " company " means any body corporate and any entity which is treated as a body corporate for tax purposes;

(*f*) The terms " resident of Norway " and " resident of Ceylon " mean respectively any person who is resident in Norway for the purposes of Norwegian tax and not resident in Ceylon for the purposes of Ceylon tax, and any person who is resident in Ceylon for the purposes of Ceylon tax and not resident in Norway for the purposes of Norwegian tax. A company shall be regarded as resident in Norway if its business is managed and controlled in Norway, or it is incorporated in Norway and not managed and controlled in Ceylon; a company shall be regarded as resident in Ceylon, if its business is managed and controlled in Ceylon, or it is incorporated under the laws of Ceylon and not managed and controlled in Norway;

(*g*) The terms " Norwegian enterprise " and " Ceylon enterprise " mean respectively an industrial or commercial enterprise or undertaking carried on by a resident of Norway and an industrial or commercial enterprise or undertaking carried on by a resident of Ceylon; and the terms " enterprise of one of the territories " and " enterprise of the other territory " mean a Norwegian enterprise or a Ceylon enterprise, as the context requires;

(*h*) The term " industrial or commercial profits " includes, in particular, profits from the business of agriculture, mining, banking, insurance, life insurance or dealing in investments, and profits from rents or royalties in respect of cinematograph films, but does not include income in the form of dividends, interest, rents, royalties (other than rents or royalties in respect of cinematograph films), management charges, or remuneration for personal services;

(*i*) The term " permanent establishment " when used with respect to an enterprise of one of the territories means a branch, management, factory or other fixed place of business, an agricultural or farming estate, a mine, quarry or any other place of natural resources subject to exploitation, and a construction or assembly project or the like the duration of which exceeds 183 days; it does not include an agency unless the agent has, and habitually exercises, a general authority to negotiate and conclude contracts on behalf of the enterprise or has a stock of merchandise from which he regularly fills orders on its behalf.

In this connection —

(*aa*) An enterprise shall not be deemed to have a permanent establishment merely because it carries on business dealings through a bona fide broker, general commission agent or any other agent of a genuinely independent status, where such persons are acting in the ordinary course of their business as such.

(*bb*) The fact that an enterprise of one of the territories maintains in the other territory a fixed place of business or any agent exclusively for the purchase of goods or merchandise shall not of itself constitute that fixed place of business or that agency a permanent establishment of the enterprise.

(*cc*) The fact that a company which is a resident of one of the territories has a subsidiary company which is a resident of the other territory or which carries on a trade or business in that other territory (whether through a permanent establishment or otherwise) shall not of itself constitute that subsidiary company a permanent establishment of its parent company.

(*j*) The term " competent authorities " means in the case of Norway the Minister of Finance and Customs, or his authorised representatives; in the case of Ceylon the Commissioner of Inland Revenue.

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

Article III

(1) The industrial or commercial profits of an enterprise of one of the territories shall not be subject to tax in the other territory unless the enterprise carries on a trade or business in that other territory through a permanent establishment situated therein. If it carries on a trade or business in that other territory through a permanent establishment situated therein, tax may be imposed on those profits in the other territory but only on so much of them as is attributable to that permanent establishment; provided that nothing in this paragraph shall affect the taxation of income from the business of insurance under the provisions of the law of Ceylon at the date of signature of this Convention.

(2) Where an enterprise of one of the territories carries on a trade or business in the other territory through a permanent establishment situated therein, there

shall be attributed to that permanent establishment the industrial or commercial profits which it might be expected to derive in that other territory if it were an independent enterprise engaged in the same or similar activities under the same or similar conditions and dealing at arm's length with the enterprise of which it is a permanent establishment; provided that nothing in this paragraph shall affect the computation of the profits derived by a Norwegian enterprise from the production of tea or other agricultural product in Ceylon in accordance with the provisions of the law of Ceylon at the date of signature of this Convention.

(3) No portion of any profits arising to an enterprise of one of the territories shall be attributed to a permanent establishment situated in the other territory by reason of the mere purchase of goods or merchandise within that other territory by the enterprise.

Article IV

Where

(*a*) an enterprise of one of the territories participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or

(*b*) the same persons participate directly or indirectly in the management, control or capital of an enterprise of one of the territories and an enterprise of the other territory,

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

(1) Income from immovable property (including gains derived from the sale or exchange of such property) may be subjected to tax in the territory in which the property is situated. Interest on debts secured by mortgages on immovable property and royalties or other amounts paid in respect of the operation of a mine, stone quarry or any other extraction of natural resources shall be regarded as income derived from immovable property.

(2) This Article shall not apply where a resident of one of the territories has a permanent establishment in the other territory and such income is attributable to that permanent establishment; in such event Article III of this Convention shall be applicable.