No. 8240

NORWAY
and
ICELAND

Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and fortune (with Protocol). Signed at Reykjavík, on 30 March 1966

Official texts: Norwegian and Icelandic.

Registered by Norway on 7 July 1966.

NORVÈGE
et
ISLANDE

Convention tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu et sur la fortune (avec Protocole). Signée à Reykjavik, le 30 mars 1966

Textes officiels norvégien et islandais.

Enregistrée par la Norvège le 7 juillet 1966.

[TRANSLATION — TRADUCTION]

No. 8240. AGREEMENT[1] BETWEEN THE KINGDOM OF NORWAY AND THE REPUBLIC OF ICELAND FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND FORTUNE. SIGNED AT REYKJAVÍK, ON 30 MARCH 1966

His Majesty the King of Norway and the President of the Republic of Iceland,

Desiring to conclude an agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and fortune,

Have for this purpose appointed as their plenipotentiaries :

His Majesty the King of Norway :

Ambassador Tor Myklebost;

The President of the Republic of Iceland :

Dr. Gylfi T. Gíslason, Acting Minister for Foreign Affairs,

who, having exchanged their full powers, found in good and due form,

Have agreed as follows :

CHAPTER I

SCOPE OF THE AGREEMENT

Article 1

PERSONAL SCOPE

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

Article 2

TAXES COVERED

1. This Agreement shall apply to taxes on income and fortune imposed on behalf of each Contracting State or of its political sub-divisions or local authorities, irrespective of the manner in which they are levied.

[1] Came into force on 10 June 1966, the date of the exchange of the instruments of ratification at Oslo, in accordance with article 31.

2. The following shall be regarded as taxes on income and fortune : all taxes imposed on total income, on total fortune, or on elements of income or of fortune, including taxes on profits derived from the alienation of movable or immovable property, taxes on the total amounts of wages or salaries paid by enterprises, and taxes on capital appreciation.

3. The existing taxes to which the Agreement shall apply are, in particular :

(*a*) In the case of Iceland :
(1) The State income tax (*tekjuskattur til rlkisins*);
(2) The State property tax (*eignarskattur til rlkisins*);
(3) The communal income tax (*tekjuútsvar til sveitarfélaga*);
(4) The communal property tax (*eignarútsvar til sveitarfélaga*);
(hereinafter referred to as " Icelandic taxes ");

(*b*) In the case of Norway :
(1) The State income tax (*inntektsskatt til staten*);
(2) The State tax-equalization dues (*skatteutjevningsavgift til staten*);
(3) The special State tax in aid of developing countries (*særskatt til staten for utviklingshjelp*);
(4) The State tax on fees paid to foreign artists (*avgift til staten av utenlandske kunstneres honorarer*);
(5) The State property tax (*formuesskatt til staten*);
(6) The communal income tax (*inntektsskatt til kommuner*);
(7) The communal property tax (*formuesskatt til kommuner*);
(8) The seamen's tax (*sjømannsskatt*);
(hereinafter referred to as " Norwegian taxes ").

4. The Agreement shall also apply to any identical or substantially similar taxes which are subsequently imposed in addition to, or in place of, the existing taxes. At the end of each year the competent authorities of the Contracting States shall notify each other of any significant changes which have been made in their taxation laws.

5. With respect to the Icelandic communal business tax (*aðstöðugjald*) or to any identical or substantially similar tax subsequently imposed in addition to, or in place of, the business tax which is not covered by this Agreement, the special provisions contained in article 8, paragraph 4, and article 24, paragraph 2, shall apply.

CHAPTER II

DEFINITIONS

Article 3

GENERAL DEFINITIONS

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

(*a*) The term " Iceland " means the Republic of Iceland, including the sea bed and its subsoil in the sea areas off the coast of the Republic of Iceland, which are subject to Icelandic sovereignty in respect of the use and exploration of natural resources;

(*b*) The term " Norway " means the Kingdom of Norway, including the sea bed and its subsoil in the sea areas off the coast of the Kingdom of Norway, which are subject to Norwegian sovereignty under the Royal Resolution of 31 May 1963 in respect of the use and exploration of natural resources; Svalbard, Jan Mayen and the Norwegian dependencies outside Europe are not included;

(*c*) The term " person " includes individuals, companies or any other entities treated as taxable units under the taxation laws in force in either of the Contracting States;

(*d*) The term " company " means any entity which is treated as a body corporate for tax purposes in the Contracting State of which it is a resident;

(*e*) 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;

(*f*) The term " competent authorities " means, in the case of Iceland, the Minister of Finance or his authorized representative, and in the case of Norway, the Minister of Finance and Customs or his authorized representative.

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

Article 4

Fiscal domicile

1. For the purposes of this Agreement, the term " resident of a Contracting State " means any person who, under the law of that State, is liable to taxation therein by reason of his domicile, residence, place of management or any other similar criterion.

2. Where under the provisions of paragraph 1 an individual is a resident of both Contracting States, the case shall be determined in accordance with the following rules :

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

(*b*) If the Contracting State in which he has his centre of vital interests cannot be determined, or if he has no permanent home available to him in either Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode.

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

(*d*) If he is a national of both Contracting States or of neither of them, the competent authorities of the Contracting States shall settle the question by agreement.

3. Where under the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, it shall be deemed to be a resident of the Contracting State in which its place of actual management is situated.

Article 5

Permanent establishment

1. For the purposes of this Agreement, the term " permanent establishment " means a fixed place of business in which the activity of the enterprise is wholly or partly carried on.

2. The term " permanent establishment " shall include especially :

(*a*) A place of management;
(*b*) A branch;
(*c*) An office;