## No. 9217

# DENMARK and ITALY

## Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital. Signed at Copenhagen, on 10 March 1966

*Official texts: Danish, Italian and English.*

*Registered by Denmark on 3 September 1968.*

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# DANEMARK et ITALIE

## Convention tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu et d'impôts sur la fortune. Signée à Copenhague, le 10 mars 1966

*Textes officiels danois, italien et anglais.*

*Enregistrée par le Danemark le 3 septembre 1968.*

# No. 9217. CONVENTION[1] BETWEEN DENMARK AND ITALY FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND CAPITAL. SIGNED AT COPENHAGEN, ON 10 MARCH 1966

The Government of the Kingdom of Denmark and the Government of Italy, desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, have agreed as follows :

*Article I*

1. This Convention shall apply to taxes on income and capital imposed on behalf of each 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 capital all taxes imposed on total income, on total capital, or on the elements of income or of capital, 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, as well as taxes on capital appreciation.

3. The existing taxes to which this Convention shall apply are, in particular :

(*a*) In the case of Denmark :

(i) The ordinary income taxes to the State,
(ii) the capital tax to the State,
(iii) the communal income taxes,
(iv) the national pension and invalidity insurance contribution,
(v) the sailors' tax,
(vi) the special income tax,
(vii) the Church tax

(hereinafter referred to as " Danish tax ").

[1] Came into force on 9 July 1968, the date of the exchange of the instruments of ratification which took place at Rome, in accordance with article XXVIII.

(*b*) In the case of Italy :

(i) The tax on land (*imposta sul reddito dei terreni*),

(ii) the tax on buildings (*imposta sul reddito dei fabbricati*),

(iii) the tax on income from movable wealth (*imposta sui redditi di ricchezza mobile*),

(iv) the tax on agricultural income (*imposta sui redditi agrari*),

(v) the complementary tax (*imposta complementare progressiva sul reddito*),

(vi) the tax on companies (*imposta sulle società*),

(vii) the tax on bonds (*imposta sulle obbligazioni*),

(viii) the taxes on income imposed by provinces, municipalities, chambers of commerce

(hereinafter referred to as " Italian tax ").

4. 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. At the end of each year, the competent authorities of the Contracting States shall notify to each other any changes which have been made in their respective taxation laws.

5. The competent authorities of the Contracting States shall by mutual agreement resolve any doubts which arise as to the taxes to which this Convention ought to apply.

*Article II*

1. In this Convention, unless the context otherwise requires :

(*a*) The term " Denmark " means the Kingdom of Denmark, excluding the Faroe Islands and Greenland ;

(*b*) The term " Italy " means the Italian Republic ;

(*c*) The terms " one of the Contracting States " and " the other Contracting State " mean Denmark or Italy, as the context requires ;

(*d*) The term " tax " means Danish tax or Italian tax, as the context requires ;

(*e*) The term " person " includes an individual or any body, corporate or not corporate ;

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

(*g*) The term " resident " of one of the Contracting States means any person who, under the law of one of the States, is liable to taxation therein by reason of his domicile, residence, place of management or any other similar criterion ;

(*h*) The terms " resident of one of the Contracting States " and " resident of the other Contracting State " mean a person who is a resident of Denmark or a person who is a resident of Italy, as the context requires ;

(*i*) The terms " enterprise of one of the Contracting States " 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 ;

(*j*) (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) The term " 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 12 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 Contracting States on behalf of an enterprise of the other Contracting State — other than an agent of an independent status to whom paragraph (v) applies — shall be deemed to be a permanent establishment in the first-mentioned State if he has, and habitually exercises in that State, 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 Contracting States shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other State 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 Contracting States 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.

(*k*) The term " competent authorities " means :

(i) In the case of Italy, the Ministry of Finances, General Directorship for Direct Taxation ;

(ii) In the case of Denmark, the Minister of Finance or his authorised representative.

2. In the application of the provisions of this Convention in one of the Contracting States 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 State relating to the taxes which are the subject of this Convention.

### *Article III*

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

### *Article IV*

1. Where by reason of the provisions of paragraph 1 (*g*) of Article II an individual is a resident of both Contracting States, then this case shall be solved 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 closest (centre of vital interests) ;