

No. 48859

**Netherlands (in respect of Aruba)
and
Sweden**

Agreement between the Kingdom of the Netherlands, in respect of Aruba, and the Kingdom of Sweden to promote economic relations. Paris, 10 September 2009

Entry into force: *2 June 2011 by notification, in accordance with article 7*

Authentic text: *English*

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**Pays-Bas (à l'égard d'Aruba)
et
Suède**

Accord visant à promouvoir les relations économiques entre le Royaume des Pays-Bas, à l'égard d'Aruba, et le Royaume de Suède. Paris, 10 septembre 2009

Entrée en vigueur : *2 juin 2011 par notification, conformément à l'article 7*

Texte authentique : *anglais*

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[ENGLISH TEXT – TEXTE ANGLAIS]

Agreement between the Kingdom of the Netherlands, in respect of Aruba, and the Kingdom of Sweden to promote economic relations

Whereas the Kingdom of the Netherlands, in respect of Aruba, and the Kingdom of Sweden (“the Contracting Parties”) have signed an Agreement for the Exchange of Information with respect to Taxes;

Whereas both the Kingdom of the Netherlands, in respect of Aruba, and the Kingdom of Sweden are committed to work towards an international financial system that is free of distortions created through lack of transparency and lack of effective exchange of information in tax matters;

Whereas the Kingdom of Sweden wishes to assist the Kingdom of the Netherlands, in respect of Aruba, in diversifying its economy;

Now, therefore, the Contracting Parties have agreed as follows:

Article 1

Taxes Covered

1. The taxes to which this Agreement shall apply are:
 - a) in Aruba: the profit tax (de winstbelasting) (hereinafter referred to as “Aruban tax”);

b) in Sweden: the national income tax (den statliga inkomstskatten) (hereinafter referred to as “Swedish tax”).

2. The Agreement shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Agreement in addition to, or in place of, the taxes referred to in paragraph 1. The competent authorities of the Contracting Parties shall notify each other of any significant changes which have been made in their respective taxation laws.

Article 2

Definitions

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

a) the term “Contracting Party” means the Kingdom of the Netherlands, in respect of Aruba, or the Kingdom of Sweden as the context requires;

b) the term “Sweden” means the Kingdom of Sweden and, when used in a geographical sense, includes the national territory, the territorial sea of Sweden as well as other maritime areas over which Sweden in accordance with international law exercises sovereign rights or jurisdiction;

c) the term “Aruba” means that part of the Kingdom of the Netherlands that is situated in the Caribbean area and consisting of the Island of Aruba;

d) the term “company” means any body corporate or any entity that is treated as a body corporate for tax purposes;

e) the term “competent authority” means:

(i) in the case of Sweden, the Minister of Finance, his authorized representative or the authority which is designated as a competent authority for the purposes of this Agreement;

(ii) in the case of Aruba, the Minister of Finance and Economic Affairs or his authorised representative.

2. As regards the application of this Agreement at any time by a Contracting Party, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that Party for the purposes of the taxes to which this Agreement applies, any meaning under the applicable tax laws of that Party prevailing over a meaning given to the term under other laws of that Party.

Article 3

Resident

1. For the purposes of this Agreement, the terms “company resident in Sweden” and “company resident in Aruba” mean any company, which under the laws of that Party is liable to tax therein by reason of its domicile, residence, place of management or any other criterion of a similar nature. The terms “company resident in Sweden” and “company resident in Aruba” do not include any company which is liable to tax in that Party in respect only of income from sources in that Party.

2. Where by reason of the provisions of paragraph 1 a company is a resident of both Contracting Parties, the competent authorities of the Contracting Parties shall endeavour to settle the question by mutual agreement.

Article 4

Elimination of double taxation

1. Where a company resident in Sweden derives income attributable to a permanent establishment in Aruba which under the laws of Aruba may be taxed in Aruba, Sweden shall allow – subject to the provisions of the laws of Sweden concerning credit for foreign tax (as it may be amended from time to time without changing the general principle hereof) – as a deduction from the tax on such income, an amount equal to Aruban tax paid in respect of such income. The term “Aruban tax paid” shall be deemed to include Aruban tax which would have been paid, but for any time-limited reduction or exemption of tax granted under incentive provisions contained in Aruban laws designed to promote economic development to the extent that such reduction or exemption is granted for income derived from activities mentioned in Article 5 and provided that the activities have been carried out in Aruba.

2. When a company resident in Sweden directly holds shares representing 100 per cent of the voting power in a company resident in Aruba, Sweden shall exempt from tax dividends distributed by the last-mentioned company to the extent that the dividends would have been exempt under Swedish law if both companies had been Swedish companies, and provided that the profits of the last-mentioned company are derived from activities listed in Article 5 and provided that the activities have been carried out in Aruba.

3. The provisions of the second sentence of paragraph 1 and of paragraph 2 shall only apply for the first ten years during which this Agreement is effective. This period may be extended by mutual agreement between the competent authorities.

Article 5

Activities covered

1. Article 4 applies to the following activities (excluding financial activities other than financial activities directly incidental and ancillary to the listed activities):

- a) industrial and manufacturing activities, including assembly activities;
- b) tourism (including hotels);
- c) a building site or a construction, assembly or installation project;
- d) aquaculture and agriculture;
- e) medical services;
- f) repair, maintenance or certification of ship and aircraft; and
- g) oil and gas activities and energy production.

2. The right of any Swedish company to engage in Aruba in the activities listed in the preceding paragraph remains subject to the domestic legislation in force in Aruba.

Article 6

Mutual agreement procedure

1. Where a company considers that the actions of one or both of the Contracting Parties result or will result for it in taxation not in accordance with the provisions of this Agreement, it may, irrespective of the remedies provided by the domestic law of those Contracting Parties, present its case to the competent authority of the Contracting Party of which it is a resident. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of this Agreement.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting Party, with a view to the avoidance of taxation which is not in accordance with this Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting Parties.