

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND**

**and
SWEDEN**

Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income. Signed at London, on 30 March 1949

Exchange of notes (with annex) constituting an agreement extending the provisions of the above-mentioned Convention to certain Colonial Territories of the United Kingdom. Stockholm, 18 December 1953

Exchange of notes constituting an agreement amending the Annex to the above-mentioned Agreement of 18 December 1953. Stockholm, 25 November and 3 December 1954

Official texts of the Convention: English and Swedish.

Official text of the exchanges of notes: English.

Registered by the United Kingdom of Great Britain and Northern Ireland on 28 April 1955.

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD**

**et
SUÈDE**

Convention tendant à éviter la double imposition et à prévenir l'évasion fiscale en matière d'impôts sur le revenu. Signée à Londres, le 30 mars 1949

Échange de notes (avec annexe) constituant un accord étendant à certains territoires coloniaux du Royaume-Uni l'application des dispositions de la Convention susmentionnée. Stockholm, 18 décembre 1953

Échange de notes constituant un accord modifiant l'Annexe de l'Accord susmentionné du 18 décembre 1953. Stockholm, 25 novembre et 3 décembre 1954

Textes officiels de la Convention: anglais et suédois.

Texte officiel des échanges de notes: anglais.

Enregistrés par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le 28 avril 1955.

No. 2826. CONVENTION¹ BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND SWEDEN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME. SIGNED AT LONDON, ON 30 MARCH 1949

His Majesty The King of Great Britain, Ireland and the British Dominions beyond the Seas and His Majesty the King of Sweden,

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

Have appointed for that purpose as their Plenipotentiaries :

His Majesty The King of Great Britain, Ireland and the British Dominions beyond the Seas :

For the United Kingdom of Great Britain and Northern Ireland :

Sir William Strang, K.C.B., K.C.M.G., M.B.E., Permanent Under-Secretary of State for Foreign Affairs;

His Majesty the King of Sweden :

His Excellency Monsieur Bo Gunnar Richardsson Hägglöf, His Majesty's Ambassador Extraordinary and Plenipotentiary in London;

Who, having exhibited their respective full powers, found in good and due form, have agreed as follows :—

Article I

1. The taxes which are the subject of the present Convention are :—

(a) In Sweden :

The State income tax (including coupon tax) and the tax on the undistributed profits of companies (Ersättningsskatt), and, for the purposes of Articles XXII, paragraph (3), and XXIII to XXV inclusive, the State capital tax (hereinafter referred to as "Swedish tax").

(b) In the United Kingdom of Great Britain and Northern Ireland :

The income tax (including sur-tax) and the profits tax (hereinafter referred to as "United Kingdom tax").

2. The present Convention shall also apply to any other taxes of a substantially similar character imposed in the United Kingdom or Sweden subsequently to the date of signature of the present Convention.

¹ Came into force on 16 September 1949, by the exchange of the instruments of ratification at Stockholm, in accordance with article XXIV.

Article II

1. In the present Convention, unless the context otherwise requires—

- (a) The term “United Kingdom” means Great Britain and Northern Ireland, excluding the Channel Islands and the Isle of Man;
- (b) The terms “one of the territories” and “the other territory” mean the United Kingdom or Sweden, as the context requires;
- (c) The term “tax” means United Kingdom tax or Swedish 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;
- (f) The terms “resident of the United Kingdom” and “resident of Sweden” mean respectively any person who is resident in the United Kingdom for the purposes of United Kingdom tax and not resident in Sweden for the purposes of Swedish tax, and any person who is resident in Sweden for the purposes of Swedish tax and not resident in the United Kingdom for the purposes of United Kingdom tax; a company shall be regarded as resident in the United Kingdom if its business is managed and controlled in the United Kingdom and as resident in Sweden if it is incorporated under the laws of Sweden and its business is not managed and controlled in the United Kingdom, or if it is not so incorporated but its business is managed and controlled in Sweden;
- (g) The terms “resident of one of the territories” and “resident of the other territory” mean a person who is a resident of the United Kingdom or a person who is a resident of Sweden, as the context requires;
- (h) The terms “United Kingdom enterprise” and “Swedish enterprise” mean respectively an industrial or commercial enterprise or undertaking carried on by a resident of the United Kingdom and an industrial or commercial enterprise or undertaking carried on by a resident of Sweden, and the terms “enterprise of one of the territories” and “enterprise of the other territory” mean a United Kingdom enterprise or a Swedish enterprise, as the context requires;
- (i) The term “industrial or commercial profits” includes rents or royalties in respect of cinematograph films;
- (j) 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, a mine, quarry or any other place of natural resources

subject to exploitation. It also includes a place where building construction is carried on by contract for a period of at least one year, but 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 connexion—

- (i) An enterprise of one of the territories shall not be deemed to have a permanent establishment in the other territory merely because it carries on business dealings in that other territory through a *bona fide* broker or general commission agent acting in the ordinary course of his business as such;
- (ii) The fact that an enterprise of one of the territories maintains in the other territory a fixed place of business exclusively for the purchase of goods or merchandise shall not of itself constitute that fixed place of business a permanent establishment of the enterprise.
- (iii) 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.

2. Where under this Convention any income is exempt from tax in one of the territories if (with or without other conditions) it is subject to tax in the other territory, and that income is subject to tax in that other territory by reference to the amount thereof which is remitted to or received in that other territory, the exemption to be allowed under this Convention in the first-mentioned territory shall apply only to the amount so remitted or received.

3. In the application of the provisions of the present Convention by one of the High Contracting Parties any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws in force in the territory of that Party relating to the taxes which are the subject of the present Convention.

Article III

1. The industrial or commercial profits of a United Kingdom enterprise shall not be subject to Swedish tax unless the enterprise carries on a trade or business in Sweden through a permanent establishment situated therein. If it carries on a trade or business as aforesaid, tax may be imposed on those profits by Sweden, but only on so much of them as is attributable to that permanent establishment.

2. The industrial or commercial profits of a Swedish enterprise shall not be subject to United Kingdom tax unless the enterprise carries on a trade

or business in the United Kingdom through a permanent establishment situated therein. If it carries on a trade or business as aforesaid, tax may be imposed on those profits by the United Kingdom, but only on so much of them as is attributable to that permanent establishment.

3. 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.

4. Where an enterprise of one of the territories derives profits, under contracts concluded in that territory, from sales of goods or merchandise stocked in a warehouse in the other territory for convenience of delivery and not for purposes of display, those profits shall not be attributed to a permanent establishment of the enterprise in that other territory.

5. 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. The industrial and commercial profits of a Swedish enterprise shall, so long as undistributed profits of United Kingdom enterprises are effectively charged to United Kingdom profits tax at a lower rate than distributed profits