No. 3726

NORWAY
and
SWEDEN

Agreement for the avoidance of double taxation with respect to taxes on income and property. Signed at Stockholm, on 27 September 1956

Official texts: Norwegian and Swedish.

Registered by Norway on 6 March 1957.

NORVÈGE
et
SUÈDE

Convention tendant à éviter les doubles impositions en matière d'impôts sur le revenu et sur la fortune. Signée à Stockholm, le 27 septembre 1956

Textes officiels norvégien et suédois.

Enregistrée par la Norvège le 6 mars 1957.

[Translation — Traduction]

No. 3726. AGREEMENT[1] BETWEEN THE KINGDOM OF NORWAY AND THE KINGDOM OF SWEDEN FOR THE AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME AND PROPERTY. SIGNED AT STOCKHOLM, ON 27 SEPTEMBER 1956

The Kingdom of Norway and the Kingdom of Sweden have decided to conclude an agreement for the avoidance of double taxation with respect to taxes on income and property.

They have for that purpose appointed as their plenipotentiaries :

His Majesty the King if Norway :

Mr. Jens Schive, His Ambassador Extraordinary and Plenipotentiary at Stockholm,

His Majesty the King of Sweden :

His Excellency Mr. Östen Undén, His Minister of Foreign Affairs ;

who, having examined each other's full powers, found in good and due form, have agreed upon the following provisions :

Article 1

1. This Agreement shall apply to individuals domiciled in the Kingdom of Sweden or in the Kingdom of Norway, and to Swedish and Norwegian bodies corporate.

2. This Agreement shall not apply to Spitzbergen or Jan Mayen nor to the Norwegian dependencies outside Europe.

Article 2

1. This Agreement shall apply to taxes on income and property, whether levied on behalf of the State or of a commune.

The following shall be regarded as taxes on income and property :

A. Under Swedish law :

(1) The State income tax (*den statliga inkomstskatten*) ;

(2) The coupon tax (*kupongskatten*) ;

[1] Came into force on 30 January 1957, by the exchange of the instruments of ratification at Oslo, in accordance with article 25.

(3) The special seamen's tax (*den särskilda sjömansskatten*) ;
(4) Taxes on special advantages and privileges (*bevillningsavgifterna för särskilda förmåner och rättigheter*) ;
(5) The tax on distributed profits (*utskiftningsskatten*) ;
(6) The tax on undistributed profits (*ersättningsskatten*) ;
(7) The State property tax (*den statliga förmögenhetsskatten*) ; and
(8) The communal income tax (*den kommunala inkomstskatten*).

B. Under Norwegian law :

(1) State tax on income and property ;
(2) Communal tax on income and property, including surtax on higher incomes ;
(3) Property tax (*eiendomsskatt*) ;
(4) Old-age pension tax and war pension tax (*alderstrygd- og krigspensjoneringsavgift*) ; and
(5) seamen's tax (*sjömannsskatt*).

C. Under both Swedish and Norwegian law :

Taxes levied according to the same principles as any of the taxes specified above in sub-paragraphs A and B.

2. For the purposes of this Agreement, taxes on income and property shall not include such taxes as special taxes on winnings from lotteries and botting, death duties and taxes on gifts.

3. For the purposes of this Agreement, the term "commune" includes communes of both the higher and the lower categories.

Article 3

1. Unless otherwise provided in this Agreement, income and property shall be taxable only in the State in which the taxpayer is deemed to be domiciled.

2. For the purposes of this Agreement, an individual shall be deemed to be domiciled in one of the States if he has his actual dwelling and home there, or permanently resides there. If as a result of the application of this provision he is regarded as being domiciled in both States, he shall, for the purposes of this Agreement, be deemed to be domiciled in that State with which he has the stronger personal and economic ties. If the question where a person shall be deemed to be domiciled cannot be determined in accordance with the foregoing provision, he shall be deemed to be domiciled in the State of which he is a national ;

if he is a national of both States or is not a national of either State, the competent authorities of both States shall come to an agreement on each particular case.

3. If a taxpayer removes from one State for the purpose of taking up residence in the other, his tax liability in the first State shall, in so far as it is determined by his place of residence, cease from the date on which the removal is completed.

4. For the purposes of this Agreement, a body corporate shall be deemed to be domiciled in the State of which it is a national.

A body corporate shall be deemed to have Swedish nationality if it is registered in Sweden, and Norwegian nationality if it is registered in Norway. A body corporate which is not registered shall be deemed to have the nationality of the State in wich its management or head administration has its seat.

A holding company shall be deemed to have the nationality of the State in whose territory its actual management is exercised.

5. The undivided estate of a deceased person shall be deemed to be domiciled in that State in which, in accordance with paragraph 2 of this article, the deceased is deemed to have been domiciled at the time of his death.

Article 4

1. Income derived from immovable property situated in one of the two States shall be taxable only in that State.

2. Income from immovable property shall be deemed to include income derived from the direct administration and use of immovable property ; income from letting, leasing or any other form of using such property ; and profit derived from the alienation of immovable property. Immovable property shall include appurtenances thereto, the latter term, in the case of agriculture and forestry, comprising livestock, equipment and other property.

For the purposes of this Agreement, income from immovable property shall also be deemed to include income from timber-felling on one's own or another person's land and income derived by a logger through the conveyance of the felled timber to the national frontier or to a port of export, through the sale of the timber in the State in which the immovable property is situated, or through the processing of the timber in that State elsewhere than at a permanent establishment.

Article 5

1. Unless otherwise provided in this Agreement, income derived from a business or profession and attributable to a permanent establishment in one of the States shall be taxable only in that State. If there are permanent establish-

ments in both States, each State shall tax that portion of the income which is derived from a permanent establishment in its territory.

2. Income derived from a business shall be deemed to include income derived from the direct conduct of a business ; income derived from placing the conduct of a business in the hands of others ; and profit from the alienation of a business or part thereof, or of objects used in the business.

Income derived from a business shall also be deemed to include income derived from participation in an undertaking other than income from shares or similar securities. The expression "similar securities" means, as regards the law in force in Sweden, share certificates of Swedish economic associations and, as regards the law in force in Norway, share certificates of Norwegian companies and other associations with divided or otherwise limited liability, with the exception of ordinary Norwegian limited partnerships.

3. Income derived from a profession shall specifically include income derived from the independent exercise of a scientific, artistic, pedagogic or educational activity or of the profession of physician, lawyer, architect or engineer.

Article 6

1. The term "permanent establishment" means any place where special plant of a permanent character has been installed or special arrangements of a permanent character have been made for the purpose of carrying on a business or profession, such as a place where an undertaking has its management, office, branch, factory, workshop or the like, sales premises, warehouse (including a permanent warehouse for goods on consignment) or a mine or subject to exploitation.

2. The term "permanent establishment" shall be deemed to include a building site on which work has proceeded or is expected to proceed for a period exceeding twelve months.

3. A permanent establishment shall also be deemed to exist if an undertaking domiciled in one State has a representative (agent) in the other State permanently working in that State for the account of the undertaking and empowered to conclude transactions on its behalf.

Nevertheless, a permanent establishment shall not be deemed to exist merely because an undertaking domiciled in one State has a subsidiary company in the other State or maintains business relations there solely through a completely independent representative or a representative (agent) who although permanently working for the account of the undertaking merely negotiates business as an intermediary without being empowered to conclude transactions on behalf of the undertaking.