

CONVENTION BETWEEN
ICELAND AND GREENLAND
FOR THE AVOIDANCE OF
DOUBLE TAXATION
AND THE PREVENTION OF FISCAL EVASION
WITH RESPECT TO TAXES ON INCOME
AND ON CAPITAL

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

HAVE AGREED as follows:

Article 1
PERSONS COVERED

This Convention shall apply to persons who are residents of one or both of the Contracting Countries.

Article 2
TAXES COVERED

1. This Convention shall apply to taxes on income and on capital imposed on behalf of a Contracting Country 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 on capital all taxes imposed on total income, on total capital, or on elements of income or of capital, including taxes on gains from the alienation of movable or immovable property, as well as taxes on capital appreciation.

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

a) In Iceland:

(i) the income taxes to the central government (*tekjuskattar ríkissjóðs*);

(ii) the net wealth taxes to the central government (*eignarskattar ríkissjóðs*); and

(iii) the income tax to the municipalities (*útsvar sveitarfélaga*);

(hereinafter referred to as “Icelandic tax”);

b) in Greenland:

(i) the home rule tax (*nuna tamakkerlugu akileraarut*);

(ii) the special home rule tax (*nuna tamakkerlugu akileraarut immikkut ittoq*);

(iii) the municipal tax (*kommuninut akileraarut*);

(iv) the intermunicipal tax (*kommuninut immikkut akileraarut*);

(v) the company tax (*selskabit akileraarutaat*); and

(vi) the dividend tax (*iluanaarutisianit akileraarut*);

(hereinafter referred to as “Greenlandic tax”).

4. The Convention shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Convention in addition to, or in place of, the

existing taxes. The competent authorities of the Contracting Countries shall notify each other of any significant changes that have been made in their taxation laws.

Article 3 GENERAL DEFINITIONS

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

a) the term “Iceland” means the Republic of Iceland and, when used in a geographical sense, means the territory of the Republic of Iceland, including its territorial sea, and any area beyond the territorial sea within which Iceland, in accordance with international law, exercises jurisdiction or sovereign rights with respect to the sea bed, its subsoil and its superjacent waters, and their natural resources;

b) the term “Greenland” means the territory of Greenland, including its territorial sea and continental shelf, and their natural resources;

c) the terms “a Country” and “the other Country” mean Iceland or Greenland as the context requires;

d) the term “person” includes an individual, a company and any other body of persons;

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

f) the term “enterprise” applies to the carrying on of any business;

g) the terms “enterprise of a Contracting Country” and “enterprise of the other Contracting Country” mean respectively an enterprise carried on by a resident of a Contracting Country and an enterprise carried on by a resident of the other Contracting Country;

h) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise which has its place of effective management in a Contracting Country, except when the ship or aircraft is operated solely between places in the other Contracting Country;

i) the term “competent authority” means:

(i) in the case of Iceland, the Minister of Finance (*fjármálaráðherra*) or his authorised representative;

(ii) in the case of Greenland, the Minister of Finance (*Aningaasaqarnermut Naalakkersuisoq*) or his authorised representative.

j) the term “business” includes the performance of professional services and of other activities of an independent character.

2. As regards the application of the Convention at any time by a Contracting Country, 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 Country for the purposes of the taxes to which the Convention applies, any meaning under the applicable tax laws of that Country prevailing over a meaning given to the term under other laws of that Country.

Article 4 RESIDENT

1. For the purposes of this Convention, the term “resident of a Contracting Country” means any person who, under the laws of that Country, is liable to tax therein by reason of his domicile, residence, registration, place of management, or any other criterion of a similar nature, and also includes that Country and any political subdivision or local authority thereof. This term, however, does not include any person who is liable to tax in that Country in respect only of income from sources in that Country or capital situated therein.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting Countries, then his status shall be determined as follows:

a) he shall be deemed to be a resident only of the Country in which he has a permanent home available to him; if he has a permanent home available to him in both Countries, he shall be deemed to be a resident only of the Country with which his personal and economic relations are closer (centre of vital interests);

b) if the Country in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either Country, he shall be deemed to be a resident only of the Country in which he has an habitual abode;

c) if the Country in which he has an habitual abode cannot be determined, the competent authorities of the Contracting Countries will settle the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting Countries, then it shall be deemed to be a resident of the Country in which its place of registration is situated. However, where such person has its place of registration in one of the Countries and its place of effective management in the other Country, then the competent authorities of the Contracting Countries shall determine by mutual agreement the Country of which the person shall be deemed to be a resident for the purposes of this Agreement. In the absence of such mutual agreement, for the purposes of this Agreement, the person shall in each Contracting Country be deemed not to be a resident of the other Contracting Country.

Article 5 PERMANENT ESTABLISHMENT

1. For the purposes of this Convention, the term “permanent establishment” means a fixed place of business through which the business of an enterprise is wholly or partly carried on.

2. The term “permanent establishment” includes especially:

a) a place of management;

b) a branch;

c) an office;

d) a factory;

e) a workshop; and

f) a mine, an oil or gas well, a quarry or any other place of extraction or exploration of natural resources, including ice and water.

3. A building site or construction or installation project or an activity consisting of planning, supervising, consulting, or any auxiliary work in connection with such project, constitutes a permanent establishment only if it lasts more than 6 months.

4. Notwithstanding the preceding provisions of this Article, the term “permanent establishment” shall be deemed not to include:

a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;

b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;

c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;

d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;

e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;

f) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs a) to e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

5. Notwithstanding the provisions of paragraphs 1 and 2, where a person - other than an agent of an independent status to whom paragraph 6 applies - is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting Country an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that Country in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

6. An enterprise shall not be deemed to have a permanent establishment in a Contracting Country merely because it carries on business in that Country through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business.

7. The fact that a company which is a resident of a Contracting Country controls or is controlled by a company which is a resident of the other Contracting Country, or which carries on business in that other Country (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

Article 6 INCOME FROM IMMOVABLE PROPERTY

1. Income derived by a resident of a Contracting Country from immovable property (including income from agriculture or forestry) situated in the other Contracting Country may be taxed in that other Country.

2. The term “immovable property” shall have the meaning which it has under the law of the Contracting Country in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships, boats and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting or use in any other form of immovable property.

4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise.

Article 7 BUSINESS PROFITS

1. The profits of an enterprise of a Contracting Country shall be taxable only in that Country unless the enterprise carries on business in the other Contracting Country through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other Country but only so much of them as is attributable to that permanent establishment.

2. Subject to the provisions of paragraph 3, where an enterprise of a Contracting Country carries on business in the other Contracting Country through a permanent establishment situated therein, there shall in each Contracting Country be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the Country in which the permanent establishment is situated or elsewhere.

4. Insofar as it has been customary in a Contracting Country to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting Country from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this Article.

5. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

6. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

7. Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

Article 8 SHIPPING AND AIR TRANSPORT

1. Profits from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting Country in which the place of effective management of the enterprise is situated.

2. If the place of effective management of a shipping enterprise is aboard a ship, then it shall be deemed to be situated in the Contracting Country in which the home harbour of the ship is situated, or, if there is no such home harbour, in the Contracting Country of which the operator of the ship is a resident.

3. The provisions of paragraph 1 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

Article 9 ASSOCIATED ENTERPRISES

1. Where

a) an enterprise of a Contracting Country participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting Country, or

b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting Country and an enterprise of the other Contracting Country,

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.

2. Where a Contracting Country includes in the profits of an enterprise of that Country - and taxes accordingly - profits on which an enterprise of the other Contracting Country has been charged to tax in that other Country and the profits so included are profits which would have accrued to the enterprise of the first-mentioned Country if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other Country shall make an appropriate adjustment to the amount of the tax charged therein on those profits, if that Country considers that the adjustment is justified both in principle and as regards the amount. In determining such adjustment, due regard shall be had to the other provisions of this Convention and the competent authorities of the Contracting Countries shall if necessary consult each other.

Article 10 DIVIDENDS

1. Dividends paid by a company which is a resident of a Contracting Country to a resident of the other Contracting Country may be taxed in that other Country.

2. However, such dividends may also be taxed in the Contracting Country of which the company paying the dividends is a resident and according to the laws of that Country, but if the beneficial owner of the dividends is a resident of the other Contracting Country, the tax so charged shall not exceed:

a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends;

b) 15 per cent of the gross amount of the dividends in all other cases.

The competent authorities of the Contracting Countries shall by mutual agreement settle the mode of application of these limitations.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. Notwithstanding the provisions of paragraph 2, as long as according to the laws of Greenland dividends paid by a company which is a resident of Greenland may be deducted from the taxable profits or may be carried forward as an operating loss of such company for income tax purposes, dividends paid by such company to a resident of Iceland may also be taxed in Greenland and according to the laws of Greenland, but if the beneficial owner of the

dividends is a resident of Iceland, the tax so charged shall not exceed 35 per cent on such part of the dividends which is deductible from the company's taxable profits or can be carried forward as an operating loss of the company.

4. The term "dividends" as used in this Article means income from shares, founders' shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the Country of which the company making the distribution is a resident.

5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a Contracting Country, carries on business in the other Contracting Country of which the company paying the dividends is a resident, through a permanent establishment situated therein and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

6. Where a company which is a resident of a Contracting Country derives profits or income from the other Contracting Country, that other Country may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other Country or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment situated in that other Country, nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other Country.

Article 11 INTEREST

1. Interest arising in a Contracting Country and paid to a resident of the other Contracting Country shall be taxable only in that other Country if such resident is the beneficial owner of the interest.

2. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.

3. The provisions of paragraph 1 shall not apply if the beneficial owner of the interest, being a resident of a Contracting Country, carries on business in the other Contracting Country in which the interest arises, through a permanent establishment situated therein and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

4. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by

the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting Country, due regard being had to the other provisions of this Convention.

Article 12 ROYALTIES

1. Royalties arising in a Contracting Country and beneficially owned by a resident of the other Contracting Country may be taxed in that other Country.
2. However, such royalties may also be taxed in the Contracting Country in which they arise and according to the laws of that Country, but if the beneficial owner of the royalties is a resident of the other Contracting Country, the tax so charged shall not exceed 15 per cent of the gross amount of the royalties. The competent authorities of the Contracting Countries shall by mutual agreement settle the mode of application of these limitations.
3. The term “royalties” as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films, any patent, trade mark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience.
4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting Country, carries on business in the other Contracting Country in which the royalties arise, through a permanent establishment situated therein and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.
5. Royalties shall be deemed to arise in a Contracting Country when the payer is a resident of that Country. Where, however, the person paying the royalties, whether the payer is a resident of a Contracting Country or not, has in a Contracting Country a permanent establishment in connection with which the obligation to pay the royalties was incurred, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the Country in which the permanent establishment is situated.
6. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer, and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting Country, due regard being had to the other provisions of this Convention.

Article 13
CAPITAL GAINS

1. Gains derived by a resident of a Contracting Country from the alienation of immovable property referred to in Article 6 and situated in the other Contracting Country may be taxed in that other Country.
2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting Country has in the other Contracting Country, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise), may be taxed in that other Country.
3. Gains from the alienation of ships or aircraft operated in international traffic, or movable property pertaining to the operation of such ships or aircraft, shall be taxable only in the Contracting Country in which the place of effective management of the enterprise is situated.
4. Gains from the alienation of any property other than that referred to in paragraphs 1, 2 and 3, shall be taxable only in the Contracting Country of which the alienator is a resident.
5. The provisions of paragraph 4 shall not affect the right of each of the Contracting Countries to levy according to its own law a tax on gains from the alienation of shares in a company, the capital of which is wholly or partly divided into shares and which under the laws of that Country is a resident of that Country, derived by an individual who is a resident of the other Contracting Country and has been a resident of the first-mentioned Country in the course of the last five years preceding the alienation of the shares.

Article 14
INCOME FROM EMPLOYMENT

1. Subject to the provisions of Articles 15, 17 and 18, salaries, wages and other similar remuneration derived by a resident of a Contracting Country in respect of an employment shall be taxable only in that Country unless the employment is exercised in the other Contracting Country. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other Country.
2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting Country in respect of an employment exercised in the other Contracting Country shall be taxable only in the first-mentioned Country if:
 - a) the recipient is present in the other Country for a period or periods not exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the fiscal year concerned, and
 - b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other Country, and

c) the remuneration is not borne by a permanent establishment which the employer has in the other Country, and

d) the employment is not a case of hiring-out of labour.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic, may be taxed in the Contracting Country in which the place of effective management of the enterprise is situated.

Article 15 DIRECTORS' FEES

Directors' fees and other similar payments derived by a resident of a Contracting Country in his capacity as a member of the board of directors or any other body of a company which is a resident of the other Contracting Country may be taxed in that other Country.

Article 16 ARTISTES AND SPORTSMEN

1. Notwithstanding the provisions of Articles 7 and 14, income derived by a resident of a Contracting Country as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsman, from his personal activities as such exercised in the other Contracting Country, may be taxed in that other Country.

2. Where income in respect of personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles 7 and 14, be taxed in the Contracting Country in which the activities of the entertainer or sportsman are exercised.

Article 17 PENSIONS

Pensions and other similar remuneration paid from a Contracting Country to a resident of the other Contracting Country may be taxed in the first-mentioned Country.

Article 18 GOVERNMENT SERVICE

1. a) Salaries, wages and other similar remuneration, other than a pension, paid by a Contracting Country or a political subdivision or a local authority thereof to an individual in respect of services rendered to that Country or subdivision or authority shall be taxable only in that Country.

b) However, such salaries, wages and other similar remuneration shall be taxable only in the other Contracting Country if the services are rendered in that Country and the individual is a resident of that Country and did not become a resident of that Country solely for the purpose of rendering the services.

2. The provisions of Articles 14, 15, 16, and 17 shall apply to salaries, wages and other similar remuneration, other than a pension, in respect of services rendered in connection with a business carried on by a Contracting Country or a political subdivision or a local authority thereof.

Article 19 STUDENTS

Payments which a student or business apprentice who is or at any time before visiting a Contracting Country has been a resident of the other Contracting Country and who is present in the first-mentioned Country solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that Country, provided that such payments arise from sources in the other Country.

Article 20 OTHER INCOME

1. Items of income of a resident of a Contracting Country, wherever arising, not dealt with in the foregoing Articles of this Convention shall be taxable only in that Country.

2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income, being a resident of a Contracting Country, carries on business in the other Contracting Country through a permanent establishment situated therein and the right or property in respect of which the income is paid is effectively connected with such permanent establishment. In such case the provisions of Article 7 shall apply.

Article 21 CAPITAL

1. Capital represented by immovable property referred to in Article 6, owned by a resident of a Contracting Country and situated in the other Contracting Country, may be taxed in that other Country.

2. Capital represented by movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting Country has in the other Contracting Country may be taxed in that other Country.

3. Capital represented by ships and aircraft operated in international traffic and by movable property pertaining to the operation of such ships and aircraft, shall be taxable only in the Contracting Country in which the place of effective management of the enterprise is situated.

4. All other elements of capital of a resident of a Contracting Country shall be taxable only in that Country.

Article 22
ELIMINATION OF DOUBLE TAXATION

1. Where a resident of a Contracting Country derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in the other Contracting Country, the first-mentioned Country shall allow:

a) as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in that other Country;

b) as a deduction from the tax on the capital of that resident, an amount equal to the capital tax paid in that other Country.

Such deduction in either case shall not, however, exceed that part of the income tax or capital tax, as computed before the deduction is given, which is attributable, as the case may be, to the income or the capital which may be taxed in that other Country.

2. Where in accordance with any provision of the Convention income derived or capital owned by a resident of a Contracting Country is exempt from tax in that Country, such Country may nevertheless, in calculating the amount of tax on the remaining income or capital of such resident, take into account the exempted income or capital.

Article 23
NON-DISCRIMINATION

1. Residents of a Contracting Country shall not be subjected in the other Contracting Country to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which residents of that other Country in the same circumstances are or may be subjected.

2. The taxation on a permanent establishment which an enterprise of a Contracting Country has in the other Contracting Country shall not be less favourably levied in that other Country than the taxation levied on enterprises of that other Country carrying on the same activities. This provision shall not be construed as obliging a Contracting Country to grant to residents of the other Contracting Country any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

3. Except where the provisions of paragraph 1 of Article 9, paragraph 4 of Article 11, or paragraph 6 of Article 12, apply, interest, royalties and other disbursements paid by an enterprise of a Contracting Country to a resident of the other Contracting Country shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned Country.

Similarly, any debts of an enterprise of a Contracting Country to a resident of the other Contracting Country shall, for the purpose of determining the taxable capital of such enterprise, be deductible under the same conditions as if they had been contracted to a resident of the first-mentioned Country.

4. Enterprises of a Contracting Country, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting Country, shall not be subjected in the first-mentioned Country to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned Country are or may be subjected.

5. The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description.

Article 24 MUTUAL AGREEMENT PROCEDURE

1. Where a person considers that the actions of one or both of the Contracting Countries result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those Countries, present his case to the competent authority of the Contracting Country of which he 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 the Convention.

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 Country, with a view to the avoidance of taxation which is not in accordance with the Convention. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting Countries.

3. The competent authorities of the Contracting Countries shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. They may also consult together for the elimination of double taxation in cases not provided for in the Convention.

4. The competent authorities of the Contracting Countries may communicate with each other directly, including through a joint commission consisting of themselves or their representatives, for the purpose of reaching an agreement in the sense of the preceding paragraphs.

Article 25
MEMBERS OF DIPLOMATIC MISSIONS AND CONSULAR POSTS

Nothing in this Convention shall affect the fiscal privileges of members of diplomatic missions or consular posts under the general rules of international law or under the provisions of special agreements.

Article 26
ENTRY INTO FORCE

1. The Government of Iceland (*ríkisstjórn Íslands*) and the Government of Greenland (*Kalaallit Nunaanni Naalakkersuisut*) shall notify each other when the constitutional requirements for the entry into force of this Convention have been complied with.

2. The Convention shall enter into force on the date of the later of the notifications referred to in paragraph 1 and its provisions shall have effect in both Contracting Countries:

- a) in respect of taxes withheld at source, on income derived on or after 1 January in the calendar year next following the year in which the later notice is given;
- b) in respect of other taxes on income, and taxes on capital, for taxes chargeable for any tax year beginning on or after 1 January in the calendar year next following the year in which the later notice is given.

Article 27
TERMINATION

This Convention shall remain in force until terminated by a Contracting Country. Either Contracting Country may terminate the Convention by giving notice of termination in writing at least six months before the end of any calendar year. In such event, the Convention shall cease to have effect in both Contracting Countries:

- a) in respect of taxes withheld at source, on income derived on or after 1 January in the calendar year next following the year in which the notice is given;
- b) in respect of other taxes on income, and taxes on capital, for taxes chargeable for any tax year beginning on or after 1 January in the calendar year next following the year in which the notice is given.

IN WITNESS WHEREOF the undersigned, duly authorized thereto, have signed this Convention.

Done in duplicate at _____ on this _____ day of _____
in the English language.

For Iceland

For Greenland

Protocol

At the moment of signing the Convention between Iceland and Greenland for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital, the undersigned have agreed upon the following provisions which shall form an integral part of the Convention:

Ad Article 5

The term “permanent establishment” shall be deemed to include any kind of domestic traffic by ship or aircraft operating solely between places in a Contracting Country.

Ad Article 14

Notwithstanding the provisions of article 14, remuneration derived in respect of employment exercised aboard a ship or aircraft, other than ships or aircraft operating in international traffic, may be taxable in the Contracting Country in which the enterprise is registered, the ship or the aircraft is registered or the place of the effective management of the enterprise is situated.

IN WITNESS WHEREOF the undersigned, duly authorized thereto, have signed this Convention.

Done in duplicate at _____ on this _____ day of _____
in the English language.

For Iceland

For Greenland