

# **Act (2009:1113) on agreements between Sweden and the Cayman Islands to avoid double taxation of natural persons**

**SFS** : 2009:1113 **Ministry / Authority** : Ministry of Finance S3 **Issued** : 2009-11-19 **Modified** SFS 2009:1406 **Printed version** : [pdf, without changes](#)  
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**§ 1** The Agreement between the Government of Sweden and the Cayman Islands Government for the avoidance of double taxation of natural persons under signed on 17 June 2009 shall apply as law in this country. The contract is written in English and in an appendix to this Act.

**2 §** Agreement taxation rules apply only to the extent that they present a barrier to the charge in Sweden that would otherwise exist.

**§ 3** If a person is taxable in Sweden derives income which, pursuant to the Agreement shall be taxable only in the Cayman Islands, will such income be excluded for tax purposes in Sweden.

## **Transitional provisions**

2009:1113

1. This Act comes into force on the day the Government.

2nd This Act shall apply

a) in respect of taxes withheld at source, for amounts paid or credited on 1 January of the year next following the date on which the Act comes into force or later, and

b) in respect of other taxes on income, to taxes chargeable for any fiscal year beginning on 1 January of the year next following the date on which the Act comes into force.

**Annex**

AGREEMENT BETWEEN THE GOVERNMENT OF THE KINGDOM OF SWEDEN AND THE GOVERNMENT OF THE CAYMAN ISLANDS FOR THE AVOIDANCE OF DOUBLE TAXATION ON INDIVIDUALS

The Government of the Kingdom of Sweden and the Government of the Cayman Islands, desiring to conclude an Agreement for the avoidance of double taxation on individuals with respect to taxes on income, have agreed as follows:

**Article 1**

**Individuals covered**

This Agreement shall apply to individuals who are residents of one or both of the Parties.

**Article 2**

**Taxes covered**

1. The existing taxes to which the Agreement shall apply are:

(a) in the case of the Cayman Islands: any tax imposed by the Cayman Islands which is substantially similar to the existing taxes of Sweden to which this Agreement applies (hereinafter referred to as “Cayman Islands tax”);

(b) in the case of Sweden:

(I) the state income tax (the national income tax);

(Ii) the income tax on non-residents (the income tax on non-residents);

(Iii) the income tax on non-resident artists and others (The income tax on non-resident artistes and athletes); and

(iv) den kommunala inkomstskatten (the communal income tax) (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 existing taxes. The competent authorities of the Parties shall notify each other of any significant changes that have been made in their taxation laws concerning individuals.

**Article 3**

**General definitions**

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

(a) the term “a Party” means the Cayman Islands or Sweden, as the context requires; the term “Parties” means the Cayman Islands and Sweden;

(b) the term “Cayman Islands” means the territory of the Cayman Islands and includes the territorial sea, areas within the maritime boundaries of the Cayman Islands and

any area within which in accordance with international law the rights of the Cayman Islands with respect to the seabed and sub-soil and their natural resources may be exercised;

(c) 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;

(d) the term “competent authority” means;

(i) in the case of the Cayman Islands, the Tax Information Authority or a person or authority designated by it;

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

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

(f) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise of a Party, except when the ship or aircraft is operated solely between places in the other Party.

2. As regards the application of the Agreement at any time by a 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, 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 4**

##### **Resident**

1. For the purposes of this Agreement, the term “resident of a Party” means:

(a) in Sweden, in respect of an individual, any individual who, under the laws of Sweden, is liable to tax therein by reason of his domicile, residence or any other criterion of a similar nature. This term, however, does not include an individual who is liable to tax in Sweden in respect only of income from sources in Sweden;

(b) in the Cayman Islands, in respect of an individual, any individual, who under its laws, is recognised as a resident by reason of his domicile, residence or any other criterion of a similar nature.

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

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

- (b) if the Party 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 Party, he shall be deemed to be a resident only of the Party in which he has an habitual abode;
- (c) if he has an habitual abode in both Parties or in neither of them, the competent authorities of the Parties shall settle the question by mutual agreement.

## **Article 5**

### **Income from employment**

1. Subject to the provisions of Articles 6, 7, 8 and 9, salaries, wages and other similar remuneration derived by a resident of a Party in respect of an employment shall be taxable only in that Party unless the employment is exercised in the other Party. If the employment is so exercised, such remuneration as is derived there-from may be taxed in that other Party.
2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Party in respect of an employment exercised in the other Party shall be taxable only in the first-mentioned Party if:
  - (a) the recipient is present in the other Party 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 Party; and
  - (c) the remuneration is not borne by a fixed place of business through which the business is wholly or partly carried on which the employer has in the other Party.
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 by an enterprise of a Party, may be taxed in that Party.

## **Article 6**

### **Directors' fees**

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

## **Article 7**

### **Artistes and sportsmen**

1. Income derived by a resident of a Party 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 Party, may be taxed in that other Party.
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 individual or legal entity, that income may be taxed in the Party in which the activities of the entertainer or sportsman are exercised.

## **Article 8**

### **Pensions**

1. Pensions and other similar remuneration, disbursements under the Social Security legislation and annuities arising in a Party and paid to a resident of the other Party may be taxed in the first-mentioned Party.
2. The term “annuity” means a stated sum payable periodically at stated times during life or during a specified or ascertainable period of time under an obligation to make the payments in return for adequate and full consideration in money or money’s worth.

## **Article 9**

### **Government service**

1. (a) Salaries, wages and other similar remuneration, other than a pension, paid by a Party or a political subdivision or a statutory body or a local authority thereof to an individual in respect of services rendered to that Party or subdivision or body or authority shall be taxable only in that Party.  
(b) However, such salaries, wages and other similar remuneration shall be taxable only in the other Party if the services are rendered in that Party and the individual is a resident of that Party who did not become a resident of that Party solely for the purpose of rendering the services.
2. The provisions of Articles 5, 6 and 7 shall apply to salaries, wages, and other similar remuneration in respect of services rendered in connection with a business carried on by a Party or a political subdivision or a statutory body or a local authority thereof.

## **Article 10**

### **Students**

Payments which a student or business apprentice who is or was immediately before visiting a Party a resident of the other Party and who is present in the first-mentioned Party 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 Party, provided that such payments arise from sources outside that Party.

## **Article 11**

### Elimination of double taxation

1. In the Cayman Islands double taxation shall be avoided in accordance with the laws of the Cayman Islands.

2. In Sweden double taxation shall be avoided as follows:

(a) Where a resident of Sweden derives income which under the laws of the Cayman Islands and in accordance with the provisions of this Agreement may be taxed in the Cayman Islands, 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 the Cayman Islands tax paid in respect of such income.

(b) Where a resident of Sweden derives income which, in accordance with the provisions of this Agreement, shall be taxable only in the Cayman Islands, Sweden may, when determining the graduated rate of Swedish tax, take into account the income which shall be taxable only in the Cayman Islands.

### Article 12

#### Mutual agreement procedure

1. Where an individual considers that the actions of one or both of the Parties result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the domestic law of those Parties, present his case to the competent authority of the Party 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 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 Party, with a view to the avoidance of taxation which is not in accordance with the Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Parties.

3. The competent authorities of the Parties shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Agreement.

4. The competent authorities of the Parties may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

### Article 13

#### Entry into force

1. Each of the Parties shall notify the other in writing of the completion of the procedures required by its law for the entry into force of this Agreement.

2. The Agreement shall enter into force on the thirtieth day after the receipt of the later of these notifications and shall thereupon have effect
- (a) in the Cayman Islands:
  - (b) in Sweden:
    - (i) in respect of taxes withheld at source, for amounts paid or credited on or after the first day of January of the year next following the date on which the Agreement enters into force;
    - (ii) in respect of other taxes on income, on taxes chargeable for any tax year beginning on or after the first day of January of the year next following the date on which the Agreement enters into force.
3. This Agreement shall have effect provided that the Agreement signed on 1 April 2009 between the Government of the Kingdom of Sweden and the Government of the Cayman Islands concerning information on tax matters has effect.

## **Article 14**

### **Termination**

This Agreement shall remain in force until terminated by a Party. Either Party may terminate the Agreement by giving written notice of termination at least six months before the end of any calendar year. In such case, the Agreement shall cease to have effect

- (i) in respect of taxes withheld at source, for amounts paid or credited on or after the first day of January of the year next following the end of the six month period;
- 2) in respect of other taxes on income, to taxes chargeable for any tax year beginning January 1 of the year immediately following the expiry of the six month period.

In witness whereof the undersigned being duly authorised thereto have signed this Agreement.

Done at Paris this 17th day of June 2009, in duplicate in the English language.

**For the Government of the Kingdom of Sweden**

**Gunnar Lund**

**For the Government of the Cayman Islands**

**William McKeeva Bush**

(Translation)

**AGREEMENT BETWEEN THE KINGDOM OF SWEDEN AND THE CAYMAN ISLANDS GOVERNMENT FOR THE AVOIDANCE OF DOUBLE TAXATION OF INDIVIDUALS**

Government of Sweden and the Cayman Islands Government, wishing to conclude an agreement for the avoidance of double taxation on individuals with respect to taxes on income, have agreed as follows:

## **Article 1**

### **Individuals on which the agreement**

This Agreement shall apply to individuals who are residents of one or both of the parties.

## **Article 2**

### Taxes covered by the Agreement

1. The existing taxes to which this Convention shall apply are:

a) in the Cayman Islands: any tax levied in the Cayman Islands and are of substantially similar to those of existing taxes in Sweden on which this Agreement applies (hereinafter referred to as "tax in the Cayman Islands"),

b) in Sweden:

1) the national income,

2) the income tax on non-residents,

3) the income tax on non-resident artistes and

4) the municipal income tax (hereinafter referred to as "Swedish tax").

second The Agreement shall also apply to any identical or substantially similar taxes imposed after the date of signature of the Agreement in addition to or in place of, the existing taxes. Parties' competent authorities shall notify each other of any significant changes which have been made in their respective taxation laws concerning individuals.

## **Article 3**

### General Definitions

1. Unless the context otherwise requires, the purposes of this Agreement, the following terms as defined below:

a) a "Party" means the Cayman Islands or Sweden, as the context requires; "Parties" means the Cayman Islands and Sweden, and

b) the "Cayman Islands" means the Cayman Islands territory and includes the territorial sea and any other area in which the Cayman Islands, in accordance with international law, may exercise rights with respect to the seabed and subsoil and related natural resources,

c) "Sweden" means the Kingdom of Sweden and, when used in a geographical sense, means the territory of Sweden, the Swedish territorial sea and other maritime areas



over which Sweden in accordance with international law exercises sovereign rights or jurisdiction,

d) "competent authority" means:

1) in the Cayman Islands: "the Tax Information Authority," or the person or authority that appoints,

2) in Sweden: Minister of Finance, his authorized representative or the authority which is designated as a competent authority for the purposes of this Agreement,

e) "company "applies to the carrying on of any business,

f) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Party, except when the ship or aircraft is operated solely between places in the other party.

2nd As a Party of the Agreement at any time shall, unless the context otherwise requires, any term not defined therein shall have the meaning which it has at that time under the Party's law and the meaning which it has under the applicable tax laws of that Party prevailing over a meaning to the term under other laws of that Party.

#### **Article 4**

##### **Resident**

1. For the purposes of this Convention, the term "resident of a Party":

a) in Sweden, in relation to an individual, any individual who under the laws of Sweden is liable to tax therein by reason of his domicile, residence or other similar circumstances. This term does not include any individual who is liable to tax in Sweden only of income from sources in Sweden,

b) in the Cayman Islands, as far as relates to any natural person, any natural person under its legislation are domiciled there because of his domicile, residence or other similar circumstances.

2nd When an individual in respect of the provisions of paragraph 1, a resident of both Parties, then his status as follows:

a) he shall be deemed to be a resident only of the Party in which he has a permanent home available to him. If he has a permanent home in both parties, he shall be deemed to be a resident only of the Party with which his personal and economic relations are closer (center of vital interests),

b) if it is not settled Party in which he has his center of vital interests or if he was not in either party has a permanent home available to him, he shall be deemed to be a resident only of the Party in which he usually resides, "

c) if he has an habitual abode in both Parties or habitual abode in either of them, the competent authorities shall settle the question by mutual agreement.

#### **Article 5**

## Individual business

1. Subject to the provisions of Articles 6, 7, 8 and 9, salaries, wages and other similar remuneration derived by a resident of a Party in respect of an employment only in that Party unless the work is not performed in the other party. If the work performed in that other Party, such remuneration as is derived therefrom may be taxed there.

2nd Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Party in respect of services rendered to the other party only in the first-mentioned Party if

a) the recipient is present in the other party for a period or periods 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 the employer who is not a resident of the other party or on behalf of, and

c) the remuneration is not borne by a fixed place of business through which the employer has in the other party and from which business is wholly or partly carried on.

third Notwithstanding the preceding provisions of this Article, remuneration for employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Party may be taxed in that Party.

## Article 6

### Directors' fees

Directors' fees and other similar remuneration derived by a resident of a Party in his capacity of member of the board of directors of a company resident in the other party, may be taxed in that other Party.

## Article 7

### Artistes and sportsmen

1. Income derived by a resident of a Party acquires from his personal activities of the other Party as an entertainer, such as a theater, motion picture, radio or television artiste, or a musician, or as a sportsman, may be taxed in that other Party.

2 . Where income in respect of personal activities exercised by an entertainer or sportsman exercised in that capacity as such accrues not to the entertainer or sportsman himself but to another individual or legal person, that income may be taxed in the Party in which the entertainer or sportsman are exercised.

## Article 8

## Pension

1. Pensions and other similar remuneration, disbursements under the social security legislation and annuities arising from a Party and paid to a resident of the other Party may be taxed in the first-mentioned Party.

2nd The term "annuity" means a stated sum payable periodically at stated times during life or during a specified or ascertainable period of time and paid on the basis of an obligation to make the payments in return for adequate consideration in money or money's worth.

## Article 9

### Government service

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

b) such salaries, wages and other similar remuneration shall be taxable only in the other party of the work performed in that other Party and the individual is a resident of that party and not become a resident of that Party solely to perform the work.

2nd The provisions of Articles 5, 6 and 7 shall apply to salaries, wages and other similar remuneration in respect of services rendered in connection with a business carried on by a Party or a political subdivision or a statutory body or local authority.

## Article 10

### Students

Student or business apprentice who is or was immediately before visiting a Party a resident of the other Party and present in the first-mentioned Party solely for education or training shall not be taxed in that Party for the amount he receives for his maintenance, education or practice, provided that such payments arise from sources outside that Party.

## Article 11

### Elimination of double taxation

1. The Cayman Islands will double eliminated in accordance with the laws of the Cayman Islands.

2nd In Sweden, the double elimination as follows:

a) Where a resident of Sweden derives income which, under the laws of the Cayman Islands and in accordance with the provisions of this Agreement may be taxed in the Cayman Islands, the Sweden-with regard to the provisions of Swedish legislation

concerning credit for foreign tax (as amended or supplemented can get by altered without changing the general principle hereof) from the Swedish tax an amount equal to the tax in the Cayman Islands paid on the income.

b) Where a resident of Sweden derives income which, under the provisions of this Agreement shall be taxable only in the Cayman Islands, Sweden may, in calculating the Swedish tax into account the income that is taxed only in the Cayman Islands.

## **Article 12**

### **Mutual Agreement Procedure**

1. If an individual believes that one party or both parties made arrangements for him in result or will result in taxation not in accordance with the provisions of this Agreement, he may, without prejudice to his right to make use of the remedies of those Parties internal legal order, present his case to the competent authority of the Party of which he is a resident. The case must be presented within three years from the time the person first notification of the action resulting in taxation not in accordance with the provisions of the Agreement.

2nd If the competent authority finds the complaint justified and if it is not itself able to arrive at a satisfactory solution will resolve the case by mutual agreement with the competent authority of the other party in order to avoid taxation not in accordance with the Agreement. Any agreement reached shall be implemented notwithstanding any time limits in its internal legislation.

third Parties' competent authorities shall by mutual agreement any difficulties or doubts arising as to the interpretation or application of the agreement.

4th Parties' competent authorities may communicate directly with each other to reach an agreement within the meaning of the preceding paragraphs.

## **Article 13**

### **Entry into force**

1. Each Party shall give written notice to the other party when the actions taken by its law required that this Agreement enters into force.

2nd The Agreement shall enter into force on the thirtieth day after the date of the later of these notifications are received and applied

a) in the Cayman Islands in respect of the tax in the Cayman Islands, with effect from that day,

b) in Sweden:

1) in respect of taxes withheld at source, for amounts paid or credited on 1 January of the year next following the date on which the Agreement enters into force or,

2) in respect of other taxes on income, to taxes chargeable for any tax year beginning on 1 January of the year next following the date on which the Agreement enters into force.

third This Agreement applies provided that the agreement between the Government of Sweden and the Cayman Islands government for information on tax matters signed on 1 April 2009, applies.

#### **Article 14**

##### **Cessation**

This Agreement shall remain in force until terminated by a Party. Either party may terminate the Agreement by giving written notice of termination at least six months before the end of any calendar year. In such event, the Agreement shall cease to have effect

- 1) in respect of taxes withheld at source, for amounts paid or credited on January 1 of the year immediately following the expiry of the six month period,
- 2) in respect of other taxes on income, to taxes chargeable for any tax year beginning on 1 January the years immediately following the end of the six month period.

In witness whereof the undersigned, being duly authorized thereto, have signed this Agreement.

Done in Paris on 17 June 2009 in duplicate in the English language.

**For the Government of Sweden**

**Gunnar Lund**

**For the Cayman Islands Government**

William McKeeva Bush