

9/1981 Coll.

*** DECREE**

Minister of Foreign Affairs

of 5 November 1980

**on the Treaty between the Czechoslovak Socialist Republic
and Sweden**

the avoidance of double taxation with respect to Taxes on Income and on Capital

On 16 February 1979 was signed in Prague Treaty between the Czechoslovak Socialist Republic and the Kingdom of Sweden for the avoidance of double taxation with respect to taxes on income and assets.

With the Treaty approved by the Federal Assembly of the Czechoslovak Socialist Republic and the President of the Republic ratified it. The instruments of ratification were exchanged in Stockholm on 8 October 1980.

The treaty entered into force in accordance with Article 28 on 8 October 1980.

Czech translation of the text of the Treaty shall be open simultaneously.

Minister:

Ing. Chňoupek v.r.

*** AGREEMENT**

**between the Czechoslovak Socialist Republic
and Sweden**

the avoidance of double taxation with respect to Taxes on Income and on Capital

Czechoslovak Socialist Republic and the Kingdom of Sweden, desiring to conclude an agreement on avoidance of double taxation with respect to taxes on income, Have agreed as follows:

Article 1

Persons covered by the contract

This Agreement shall apply to persons who are resident in one or both of the Contracting States.

Article 2

Taxes to which the contract relates

1) This Agreement shall apply to taxes on income and on capital imposed on behalf of each Contracting State, its political subdivisions or local authorities, irrespective of the way they are levied.

2) The tax on income and property taxes shall be levied on total income from all assets or of individual elements of income or property, including taxes on gains from the alienation of movable or immovable property, taxes on the total wages paid and taxes on businesses increase in value.

3) The existing taxes to which the Convention shall apply are

a) in Czechoslovakia:

- (I) the payment of income tax on profits,
- (ii) tax on wages,
- (iii) the tax on income from literary and artistic activities
- (iv) agricultural tax
- (V) the tax on incomes,
- (Vi) domestic tax and
- (Vii) the dissipation of assets

(Hereinafter referred to as "Czechoslovak tax");

b) in Sweden:

- (I) the state income tax, including sailors tax and coupon tax
- (ii) the tax on undistributed profits of corporations and tax on distributed profits in the share capital reduction or liquidation of the company,
- (iii) tax for performers,
- (iv) the local income tax and
- (V) state property tax

(Hereinafter referred to as "Swedish tax").

4) The Convention shall also apply to any identical or substantially similar taxes which are imposed after the signature of this contract, the existing taxes in addition to or instead of them. The competent authorities of the Contracting States shall notify any significant changes which have been made in their respective taxation laws.

Article 3

General definitions

1) In this agreement, unless the context otherwise requires:

- a) The term "Czechoslovakia" refers to the Czechoslovak Socialist Republic.
- b) The term "Sweden" means the Kingdom of Sweden and includes any area outside the territorial waters of Sweden, above which may be in accordance with Swedish law and in accordance with international law exercised rights of Sweden relating to research and the exploitation of natural resources on the seabed or under the seabed.
- c) The terms "a Contracting State" and "the other Contracting State" mean Czechoslovakia or Sweden, as the context requires.
- d) The term "person" includes individuals, companies and any other body of persons.
- e) The term "company" means any body corporate or any entity which is treated as a legal entity for tax purposes.
- f) The terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State.
- g) The term "member" means:
 - (I) any individual possessing the nationality of a Contracting State;
 - (ii) any legal person, partnership and associations established under the laws in force in a Contracting State.

h) The term "international traffic" means carriage by any ship or aircraft operated by an enterprise, whose real management in a Contracting State when the ship or aircraft is used only between points within the other Contracting State.

i) The term "competent authority" means:

(i) if the Finance Minister of Czechoslovakia Czechoslovak Socialist Republic or his authorized representative;

(ii) in the case of Sweden, Minister of Budget or his authorized representative.

2) Any term not defined in the contract, has for its application by a Contracting State importance which it has under the law of that Contracting State relating to taxes covered by this contract, unless the context otherwise requires.

Article 4

The tax residence

1) The term "person is a resident of a Contracting State" means for purposes of this contract any person who, under the law of that State has undergone in that State taxation by reason of his domicile, residence, place of management or any other similar criteria.

2) If an individual is under the provisions of paragraph 1, a resident of both Contracting States, then his status shall be determined as follows:

a) It is assumed that this person is a resident of the Contracting State in which he has a permanent home. If a permanent home in both Contracting States, it is assumed that a resident of the Contracting State with which his personal and economic relations are closest (center of vital interests).

b) If no designated by a Contracting State in which he has his center of vital interests, or if no permanent home in either Contracting State, is expected to be a resident of the Contracting State in which it usually resides.

c) If he has an habitual abode in both Contracting States or if they are not present in any of them, it is assumed that a resident of the Contracting State of which he is a citizen.

d) If the person is a citizen of both Contracting States or if not a citizen of any of them, the competent authorities of the Contracting States shall by mutual agreement of the question.

3) If a person other than an individual is under the provisions of paragraph 1, a resident of both Contracting States, it is assumed that a resident of the Contracting State in which its place of effective management.

Article 5

Permanent establishment

1) The term "permanent establishment" means a contract for the purposes of this fixed place of business in which the enterprise is wholly or partly carried on.

2) The term "permanent establishment" includes especially:

a) a place of management,

b) race,

c) an office;

d) a factory;

e) a workshop;

f) a mine, quarry or other place of extraction of natural resources

g) a building site or assembly, which last longer than twelve months.

3) The term "permanent establishment" shall not include:

- a) equipment that is used for storage, display or delivery of goods business
- b) the supply of goods to the enterprise solely for the purpose of storage, display or delivery
- c) the supply of goods to the enterprise solely for the purpose of processing by another enterprise
- d) a permanent place of business solely for the purpose of purchasing goods or collecting information for the enterprise,
- e) a permanent place of business solely for the purpose of advertising, information, scientific research or similar activities for the company, which have a preparatory or auxiliary character,
- f) installation performed by an enterprise of a State in connection with the delivery of machinery or equipment from that State to another Contracting State.

4) A person acting in a Contracting State for the enterprise of the other Contracting State - other than having an independent representative of the position of which deals with paragraph 5 - is regarded as the first permanent establishment in the State if that State is equipped with a power of attorney, which usually uses, and there which to conclude contracts on behalf of the company, unless the activities of such person are limited to purchases of goods for the enterprise.

5) The permanent establishment of an enterprise of a Contracting State in the other Contracting State does not consider the mere fact that business in that other Contracting State carries on business through a broker, general commission agent or any other agent having an independent status, provided that such persons are acting in the ordinary course of business .

6) The fact that a company which is resident of a Contracting State controls or is controlled by a company based in the other Contracting State, or which in that other Contracting State carries on business (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 from immovable property including income from agriculture or forestry may be taxed in the Contracting State in which such property is situated.

2)

a) The term "immovable property" shall, subject to the provisions of paragraphs b) and c) defined in accordance with the law of the Contracting State in which such property is situated.

b) The term "immovable property" shall in any case accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which they apply the provisions of general law respecting immovable property, usufruct of immovable property and rights to variable or fixed payments as lifting or the right to work, mineral deposits, sources and other natural resources.

c) Ships, boats and aircraft shall not be regarded as immovable property.

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

4) The provisions of paragraphs 1 and 3 shall also apply to income from immovable property of an enterprise and to income from immovable property used for the exercise of a profession.

Article 7

Business Profits

1) Profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, profits of the enterprise may be taxed in that other State but only to the extent they are attributable to that permanent establishment.

2) If an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment is situated therein, in each Contracting State a permanent establishment the profits which could be expected to make if it were a separate enterprise engaged in the same or similar activities under the same or similar conditions and traded independently with the enterprise of which the permanent establishment.

3) In determining the profits of a permanent establishment shall be permitted to deduct expenses incurred for the purposes of the permanent establishment including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

4) If in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of total profits of the enterprise to its various parts, provisions of paragraph 2 shall not preclude that Contracting State from determining the profits to be taxed, such a division, which usual. The adopted method of apportionment adopted shall, however, be such that the result was in line with the principles set out in this article.

5) Permanent establishment nepřičtou any profits from the fact that the mere purchase of goods for the enterprise.

6), the profits to be attributed to the permanent establishment for purposes of the preceding paragraphs set each year by the same method when there are strong and sufficient reasons to the contrary.

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

Article 8

Sea and air transport

1) Profits from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which it is placed in actual management.

2) Where the actual management of the enterprise operating international shipping is placed on board the ship, shall be deemed to be situated in the Contracting State in which the ship's home port, or if no home port, shall be deemed to be situated in the Contracting State in which the operator of the ship is a resident.

3) The profits earned by a consortium of Scandinavian Air Transport Airlines (SAS) applies the provisions of paragraph 1, but only to a portion of profits, which corresponds to the participation by the consortium owns the joint-stock company Aerotransport (ABA), which is the Swedish partner of Scandinavian Airlines (SAS).

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

Article 9

Associated enterprises

1) If

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

b) the same persons participate directly or indirectly involved in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State, and if one were in the second case between the two enterprises in their commercial or financial relations negotiated or imposed on them conditions that differ from those that have been made between independent enterprises, they may be incorporated profits of that enterprise and taxed profits as a result that would have been without these conditions accrued to one of the enterprises, but due to these conditions have not been accrued.

Article 10

Dividends

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

2) Such dividends may be taxed in the Contracting State in which it is located a company that is paying off, according to the law of that State. Tax so charged shall not exceed 10% of the gross amount of dividends.

3) The Contracting State in which the seat of the company, regardless of the taxing provisions of paragraph 2, dividends paid by a company whose capital is wholly or partly divided into shares and which is located in the other Contracting State and owns directly at least 25% of assets paying dividends.

4) The competent authorities of the Contracting States shall by mutual agreement the mode of application of paragraphs 2 and 3

5) The provisions of paragraphs 2 and 3 shall not affect the taxation of profits from which dividends are paid.

6) The term "dividends" as used in this Article means income arising from shares or other rights, unless the claims associated with participation in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares under the tax laws of the State in which the seat of the company paying the dividends.

7) Dividends paid by a company which is a resident of a Contracting State, a company that is headquartered in the other Contracting State shall, notwithstanding the provisions of paragraph 1 shall exempt from tax in that other State to the extent that they would be exempt from taxation of dividends under the laws of this state, if both companies were based in that State.

8) The provisions of paragraphs 1, 2 and 3 shall not apply if the recipient of the dividends, being a resident of a Contracting State, carries on in the other Contracting State in which the seat of the company paying the dividends on business through a permanent establishment therein located, or performs in that other State professional services through a fixed base situated therein, and if ownership of the shares on the basis of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case.

9) Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may tax the dividends paid by the company to persons not resident in that other State, nor subject the company's undistributed profits tax on undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income derived from that other State.

Article 11

Interest

1) Interest arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State.

2) The term "interest" as used in this Article means income from debt-claims of any kind, secured and unsecured by a lien on the property, providing also do not provide the right to participate in the debtor and, in particular income from government bonds and debentures, including premiums and prizes associated with these securities.

3) The provisions of paragraph 1 shall not apply if the recipient of the interest, being a resident of a Contracting State, carries on in the other Contracting State in which the interest arises, or business through a permanent establishment situated therein, or performs in that other State professional services through a fixed base situated therein and the debt-claim from which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case.

4) If the amount paid interest assessed with respect to a claim from which they are paid, exceeds the result of a special relationship between the payer and the recipient or between both third party and the amount which would have been agreed upon by the payer to the recipient in the absence of such relationship, the provisions provisions of this Article only to the last amount. Part of the interest, the excess, in this case will be liable to tax under the laws of each Contracting State, due regard to other provisions of this contract.

Article 12

Royalties

1) Royalties arising in a Contracting State and paid to a person who is resident in the other Contracting State may be taxed in that other State.

2) Such royalties may be taxed in the Contracting State in which they arise, and according to the laws of this state. Tax so charged shall not exceed 5% of the gross amount of royalties.

3) Royalties derived from copyrights of literary, artistic or scientific subject, notwithstanding the provisions of paragraphs 1 and 2 be taxable only in the Contracting State in which the recipient of such royalties is a resident.

4) The term "royalties" as used in this Article means payments of any kind of compensation received for the use or right to use any patent, trade mark, design or model, plan, secret formula or process, or industrial, commercial or scientific equipment or for information which relate to experience in industrial, commercial or scientific, and any copyright of literary, artistic or scientific work including cinematograph films and films or tapes for television or radio broadcasts.

5) The provisions of paragraphs 1, 2 and 3 shall not apply if the recipient of the royalties, being a resident of a Contracting State carries on business in the other Contracting State in which the royalties arise, or business through a permanent establishment situated therein, or performs in that other State professional services through a fixed base situated therein and the right or property in respect of which royalties are paid are effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case.

6) It is assumed that the license fees to arise in a Contracting State when the payer is that Contracting State itself, a political subdivision or local authority of that Contracting State or a person holding a resident of that Contracting State. However, if the person who pays royalties, whether or not a resident of a Contracting State has in a Contracting State a permanent establishment in connection with which the commitment to pay royalties, and the permanent establishment bears to their account such royalties , it is assumed that such royalties shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

7) If the amount paid licensing fees assessed with respect to the use, right or information for which they are paid by reason of a special relationship between the payer and the recipient or between both third party and the amount which would have been agreed upon by the payer to the recipient, if absence of such relationship, the provisions of this Article only to the last amount. Part of the salaries, the excess will be in this case, according to tax laws of each Contracting State, due regard to other provisions of this contract.

Article 13

Gains from the alienation of property

1) Gains from the alienation of immovable property, the definition contained in Article 6, paragraph 2, or from the alienation of shares or similar rights in a company whose assets consists principally of immovable property may be taxed in the Contracting State in which such immovable property is situated .

2) Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property, affiliated to a fixed base available to a resident of a Contracting State has in the other Contracting State for the performance profession, including gains from the alienation of such permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State. However, gains from the alienation of movable property referred to in Article 22, paragraph 3 shall be taxable only in the Contracting State in which such movable property subject to taxation under that article.

3) Gains from the alienation of assets other than those dealt with in paragraphs 1 and 2 shall be taxable only in the Contracting State in which the alienator is a resident.

Article 14

Independent Personal

1) The income which a resident of a Contracting State receives for services rendered in the exercise of professional services or other independent activities of a similar nature shall be taxable only in that State, if such person does not regularly available in the other Contracting State a permanent base for the exercise of their activities. If he has such a fixed base, that income may be taxed in the other Contracting State but only to the extent they are attributable to that fixed base.

2) The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching and independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

Article 15

Dependent employment

1) Wages, salaries and other similar remuneration, by a resident of a Contracting State derived from work, Subject to the provisions of Articles 16, 18 and 19 be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration may be received from such employment taxed in that other State.

2) Remuneration which a resident of a Contracting State derived from employment exercised in the other Contracting State shall, notwithstanding the provisions of paragraph 1 be taxable only in the first State if:

- a) the recipient is present in the other State for a period or periods that total does not exceed 183 days in the calendar year,
- b) the remuneration is paid by the employer or on behalf of an employer who is not resident in the other State and
- c) the remuneration is not borne by a permanent establishment or fixed base which the employer has in the other State.

3) remuneration from employment exercised aboard a ship or aircraft in international traffic shall be without prejudice to the foregoing provisions of this Article be taxed in the Contracting State in which it is placed in actual management. If a person resident in Sweden receives remuneration from employment exercised aboard an aircraft used in international transport consortium Scandinavian Air Transport Airlines (SAS), such remuneration shall be subject to taxation only in Sweden.

Article 16

Directors' fees

Royalties and similar payments by a resident of a Contracting State receives as a member of the Board or the Supervisory Board, which is a resident of the other Contracting State may be taxed in that other State.

Article 17

Artists and athletes

1) income received by artists such as theater, film, radio or television artists, musicians and athletes from their personal activities, they may be, notwithstanding the provisions of Articles 14 and 15, be taxed in the Contracting State in which such activities are performed.

2) If the revenues from the personal activities of the entertainer or athlete accrue to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or athlete performed.

3) Income from activities referred to in paragraph 1, performed in the framework of cultural exchange between the Contracting States shall, notwithstanding the provisions of paragraphs 1 and 2, exempt from tax in the Contracting State in which such activities are performed.

Article 18

Government Services

1)

a) Salaries, other than a pension, paid by a Contracting State, its political subdivision or local authority an individual for services rendered to that State or subdivision or local authority shall be taxable only in that State.

b) Such remuneration shall be taxable only in the other Contracting State if the services were performed in this state, the recipient is resident in that other Contracting State and

(i) is a national of that State;

(ii) has not resided in that State solely for the purpose of holding such services or

(iii) not subject to tax such salaries in the Contracting State of which they are paid salaries.

2)

a) Any pension paid by a Contracting State, its political subdivision or local authority or out of funds created by, a natural person for services rendered to that State or subdivision or local authority shall be taxable only in that State.

b) However, such pension shall be taxable only in the other Contracting State if the recipient is a citizen of this state and has a residence in that State.

3) The provisions of Articles 15, 16 and 19 shall apply to salaries and pensions in respect of services rendered in connection with a business carried on by a Contracting State, its political subdivision or local authority.

Article 19

Pension

Pensions and other similar remuneration remitted to the person who is domiciled in a Contracting State shall be subject to the provisions of Article 18, paragraph 2 of taxation only in the country of origin.

Article 20

Students

1) The student or apprentice who is present in a Contracting State solely for the purpose of his education or experience and who has, or immediately before your stay in this state residing in the other Contracting State shall be exempt in the first State from taxes on salaries, which receives for their nutrition, education or experience, if such wages are remitted to him from sources outside that first state.

2) Students at a university or other educational institution in a Contracting State, which during a temporary stay in the other Contracting State carries on employment in that other State for a period exceeding 100 days in the calendar year in order to gain practical experience related to his studies, will be in this other State to tax only the income from such employment in excess of SEK 1500 per calendar month or the equivalent in Czechoslovak currency. Tax exemptions granted under this paragraph shall not exceed the total amount of SEK 4,500 or equivalent in Czechoslovak currency. Any amount exempt under this paragraph will include personal tax relief for the calendar year.

Article 21

Other income

Items of income of a resident of a Contracting State which are not explicitly mentioned in the foregoing Articles of this Convention shall be taxable only in that State.

Article 22

Property

1) Real property as defined in Article 6, paragraph 2 may be taxed in the Contracting State in which it is located.

2) Movable property that is part of the business property of a permanent establishment enterprise, or movable property pertaining to a fixed base that is used for the performance of professional services may be taxed in the Contracting State in which the permanent establishment or fixed base.

3) Ships and aircraft used in international traffic and movable property used to operate such ships and aircraft shall be taxable only in the Contracting State in which it is placed in actual management.

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

Article 23

Elimination of double taxation

1) In Czechoslovakia, eliminate double taxation as follows:

a) If a person is a resident in Czechoslovakia receives income or owns capital which may be under the provisions of this Agreement taxed in Sweden, Czechoslovakia removed subject to the provisions referred to in subparagraph b) of this paragraph such income or such property from taxation. When calculating the tax on other income or property of that person may apply a tax rate that would apply if the exempted income or capital had not been so exempted from taxation.

b) Czechoslovakia, when imposing taxes to persons in its territory of residence or registered office, include in the taxable income that may be under the provisions of Articles 10, 12, 16 and 17

thereof also taxed in Sweden. Czechoslovakia, however, allow to reduce the amount of tax computed on such a base an amount equal to the tax paid in Sweden. The amount by which the tax is reduced, however, exceed that part of the Czechoslovak tax, calculated before the tax reduction was allowed, which is attributable to income that may be under the provisions of Articles 10, 12, 16 and 17 thereof taxed in Sweden.

2) In Sweden, double taxation is eliminated in this way:

a) If a person is a resident in Sweden receives income or owns capital which may be taxed in this contract in Czechoslovakia, Sweden permit subject to the provisions referred to in subparagraph b) of this paragraph and Article 10, paragraph 7:

(i) to reduce the income tax of that person an amount equal to the income tax paid in Czechoslovakia;

(ii) reduce the property tax of that person an amount equal to the capital tax paid in Czechoslovakia. The amount by which the one or the second case, a tax decrease, however, exceed that part of the income tax or property tax calculated before the tax reduction was allowed, which is appropriate under the circumstances of the case to income or assets that can be taxed in Czechoslovakia.

b) If the person is a resident in Sweden receives income or owns property subject to taxation under the provisions of this Agreement only in Czechoslovakia, Sweden may include this income or capital in the tax base. However, Sweden shall allow as income tax or property tax on that portion of the income tax or property tax, which is appropriate to the circumstances of the case to income earned from Czechoslovakia or to property owned in Czechoslovakia.

Article 24

Prohibition of discrimination

1) Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which are or may be the same be subject to a of that other State.

2) taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be in that other State than the taxation favorably enterprises of that other State carrying on the same business.

This provision shall not be construed as obliging a Contracting State to grant to persons resident in the other Contracting State any personal deductions, exemptions, and tax reduction on account of civil status or family responsibilities which it grants to persons who reside within its territory.

3) Interest, royalties and other expenses paid by an enterprise of a Contracting State to a resident of the other Contracting State shall be subject to the provisions of Article 9, paragraph 4 of Article 11 or Article 12, paragraph 7 is deductible for purposes of determining the taxable profits of such enterprise under the same conditions as if they were paid to the person a resident of the first State.

Similarly, the debts of an enterprise of a Contracting State to a person a resident of the other Contracting State shall be deductible for purposes of determining the taxable capital of such enterprise, such as would result from the contractual obligation to the person a resident of the first State.

4) Enterprises of a Contracting State, the capital of which is wholly or partly, directly or indirectly owned or controlled by the person or persons resident in the other Contracting State shall not be subjected in the first Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which are or may be subjected to other similar enterprises of that first state.

5) The term "taxation" in this article refers to taxes of every kind and description.

Article 25

Mutual Agreement

1) If a person is a resident of a Contracting State considers that the actions taken by one or both of the Contracting States are or will result for her taxation not in accordance with this Agreement, irrespective of the remedies under domestic law States must submit their case to the competent authority of the Contracting State in which the resident.

2) The competent authority shall endeavor to resolve the case by mutual agreement with the competent authority of the other Contracting State for the elimination of taxation not in accordance with this agreement, if the objection be justified and if it is not itself able to arrive at a satisfactory solution .

3) The competent authorities of the Contracting States shall endeavor to decide by mutual agreement any difficulties or doubts arising as to the interpretation or application thereof. They may also consult for the elimination of double taxation in cases not covered by this contract.

4) The competent authorities of the Contracting States may communicate with each other directly for the purpose of the agreement in the sense of the preceding paragraphs. If an oral exchange of opinions is to reach agreement advisable, such exchange may take place within the Commission, composed of representatives of the competent authorities of the Contracting States.

Article 26

Exchange of information

1) The competent authorities of the Contracting States shall exchange information necessary for the implementation of this Treaty and national laws of the Contracting States concerning taxes to which this Agreement applies insofar as the taxation according to them will be in accordance with this Agreement. Any information so exchanged shall be treated as confidential and may be disclosed only to persons or authorities and courts responsible for the assessment, collection or recovery of taxes, which are the subject thereof, or prosecution in respect of such taxes.

2) The provisions of paragraph 1 be construed in any way so as to impose one of the Contracting States the obligation:

- a) carry out administrative measures that would deviate from the laws or administrative practice of that or of the other Contracting State;
- b) to supply information which is not obtainable under the laws or in the proper administration of that or of the other Contracting State;
- c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process or information the disclosure of which would be contrary to public policy (ordre public).

Article 27

Diplomatic and Consular Officers

The provisions of this Treaty shall affect the fiscal privileges of diplomatic and consular officials under the general rules of international law or under the provisions of special agreements.

Article 28

Entry into Force

1) This Treaty shall be ratified and the ratifications shall be exchanged at Stockholm as soon as possible.

2) The contract shall take effect on the exchange of instruments of ratification and its provisions shall apply to income earned on January 1 following the year in which they were exchanged instruments of ratification or later and the property from which the tax assessment takes place in the second calendar year following the year which were exchanged instruments of ratification or later.

3) Exchange of Notes of 25 October 1962 between the Swedish Government and the Czechoslovak Government on mutual tax exemption on profits from the implementation of international air traffic and from the property tax will expire on the date this Agreement becomes effective pursuant to the provisions of paragraph 2

Article 29

Statement

This Agreement is concluded for an indefinite period of time. Each Contracting State may denounce it by written notice sent through diplomatic channels the other Contracting State by 30 June of each calendar year after a period of five years from the date when the contract comes into force.

In this case, the contract does not apply to revenue achieved first January following the year in which the notice is given, or later, and property from which the tax assessment takes place in the second calendar year following the year in which the notice is given later.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto, have signed this treaty and have affixed their seals.

Done in Prague on 16 February 1979 in duplicate, in the English language.

For the Czechoslovak Socialist Republic:

Dr. Dusan Spacil v.r.

For the Kingdom of Sweden:

Sigg Lilliehöök v.r.