

Act (1982:709) on the double taxation treaty between Sweden and Hungary

SFS : 1982:709 **Ministry / Authority** : Ministry of Finance S3 **Issued** : 1982-06-30 **Modified** SFS 2011:1311 **Other text** : Only the Swedish text is included in the Annex. **Amendment Record** : [SFSR \(Lagrummet\)](#) **Source** : Cabinet Office / Lagrummet

1 § The agreement to avoid double taxation with respect to taxes on income and wealth as Sweden and Hungary signed on 12 October 1981, together with the Protocol annexed to the Agreement valid for Sweden. Agreement and Protocol for An appendix to this Act.

2 § The agreement applies only to the extent interfere with the liberty of the charge in Sweden that would otherwise exist.

§ 3 If a person believes that it taken any action which for him has resulted or will result in taxation contrary to the provisions of the contract, he may apply for redress under Article 25 paragraph 1 of the Agreement. Such application shall be made by the government and should be submitted within the time specified in that provision.

4 § Repealed by *Act (2011:1311)* .

Annex

Agreement between the Government of Sweden and the Hungarian People's Republic for the avoidance of double taxation with respect to taxes on income and wealth

Government of Sweden and the People's Republic of Hungary has, with regard to the principles set forth in the European Security and Cooperation Conference final outcome document, and prompted by the desire to avoid double taxation on income and capital entered into the following agreements:

Article 1

Persons to whom this Agreement applies

This Agreement shall apply to persons who are residents of a Contracting State or in both states.

Article 2

Taxes covered by the Agreement

1. This Agreement shall apply to taxes on income and on capital imposed on behalf of a Contracting State or of its local authorities, irrespective of the manner in which they are levied.

2nd With taxes on income and on capital all taxes imposed on total income or 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.

third The existing taxes to which the Agreement shall apply are:

a) in the People's Republic of Hungary:

- 1) income taxes;
- 2) profit taxes;
- 3) the special corporation tax;
- 4) construction tax;
- 5) The value of building tax;
- 6) land tax;
- 7) the contribution to local development;
- 8) the tax on dividends and profit distribution from operating companies; (Hereinafter referred to as "Hungarian tax").

b) in Sweden:

- 1) the state income tax, sailor tax and coupon tax;
 - 2) compensation tax and the distribution tax;
 - 3) bevillingsavgiften public entertainers;
 - 4) the municipal income tax; and
 - 5) the State capital tax
- (Hereinafter referred to as "Swedish tax").

4th This Agreement shall also apply to any identical or substantially similar taxes imposed after the signature of the Convention in either Contracting State in addition to or in place of, the existing taxes. The competent authorities of the Contracting States shall each year notify each other of any substantial changes made in their respective taxation laws.

Article 3

General Definitions

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

a) "The People's Republic of Hungary", when used in a geographical sense, the People's Republic of Hungary's territory;

- b) the term "Sweden" means the Kingdom of Sweden and includes any area outside the territorial sea of Sweden, in which Sweden under Swedish law and in conformity with international law may exercise rättigheter with respect to the exploration and exploitation of natural resources in the seabed or the subsoil thereof;
 - c) the term "person" includes an individual, corporation or association;
 - d) "company" means any body corporate or any entity that in taxation, to be treated as a body corporate;
 - e) 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;
 - f) the term "international traffic" means any transport by a ship, aircraft or road vehicles operated by the company which has its place of effective management in a Contracting State, except when the ship, aircraft or vehicle is operated solely between places in the other Contracting State;
 - g) "national" means:
 - 1) natural persons who are nationals of a Contracting State;
 - 2) legal persons and other organizations incorporated under the laws in force in a Contracting State;
 - h) "competent authority" means:
 - 1) in the People's Republic of Hungary, the Minister of Finance or his authorized representative;
 - 2) in Sweden, the Financial Secretary or his authorized representative.
- 2nd Where a Contracting State shall apply this Agreement shall, unless the context otherwise requires, any term not defined therein shall have the meaning which it has under the law of that State concerning the taxes to which the Convention applies.

Article 4

Fiscal domicile

1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who under the law of that State, is liable to tax therein by reason of his domicile, residence, place of management or any other similar circumstance. The term does not include any person who is liable to tax in that State in respect only of income from sources in that State or capital situated therein.

2nd Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then his status as follows:

- a) He shall be deemed to be a resident of the State in which he has a permanent home available to him. If he has a permanent home available in both States, he shall be deemed to be resident in the State in which he has his center of vital interests.

b) If it can not be determined State in which he has his center of vital interests or if he is not in either State has a permanent home available to him, he is deemed to be a resident of the State where he usually resides.

c) if he has an habitual abode in both States or if he does not reside permanently in any of them, he shall be deemed to be a resident of the state where he is a national.

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

third Where by reason of the provisions of paragraph 1 a person other than a natural person, a resident of both Contracting States, then it shall be deemed to be a resident of the State in which its place of effective management.

Article 5

Permanent establishment

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

2nd The term "permanent establishment" includes especially:

a) a place of management;

b) 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 of natural resources.

third A building site or construction or installation project constitutes a permanent establishment only if it lasts more than twelve months.

4th Notwithstanding the preceding provisions of this Article, the term "permanent establishment" shall not include:

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

b) the maintenance of a company belonging to the inventory exclusively for storage, display or delivery;

c) the maintenance of one belonging to the enterprise solely for the inventory of processing by another enterprise;

d) the maintenance of a fixed place of business solely for the purchase of merchandise or of collecting information for the enterprise;

e) the maintenance of a fixed place of business solely 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 all the activities of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

5 . If the person who is not an independent status to whom paragraph 6 applies is acting for a company and of a Contracting State has, and habitually exercises an authority to conclude contracts in the name, this is regarded companies - Notwithstanding the provisions of paragraphs 1 and 2 - have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise. This does not apply, 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. Companies are considered to have a permanent establishment in a Contracting State merely because it carries on business in that State through a broker, general commission agent or any other agent of independent status, where such persons are acting in the ordinary course of business.

7. The fact that a company which is a resident of a Contracting State controls or is controlled by a company resident in the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise), shall not of and for 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 State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.

2nd The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property is located. The term includes 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 immovable property.

third The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or other use of real property.

4th 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 performance of independent personal services.

Article 7

Profits

1. The 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 company carries on business as aforesaid, the enterprise may be taxed in that other State but only so much of them as is attributable to that permanent establishment.

2nd An enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, provision, unless the provisions of paragraph 3 to the contrary, in each Contracting State to that permanent establishment the profits which it might be assumed that the establishment would have acquired, 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.

third In determining the permanent establishment shall be allowed as deductions expenses which are incurred for the permanent establishment, including costs for executive and general administrative expenses, whether incurred in the State in which the permanent establishment is situated or elsewhere.

4th No profits shall be attributed to a permanent establishment by reason that the goods purchase by that permanent establishment of merchandise for the enterprise or goods are delivered to the permanent establishment for use by this.

5th For the purposes of the preceding paragraphs, the profits attributable to the permanent establishment by the same method year by year unless there is good and sufficient reason to the contrary.

6. Included in capital operating income which are dealt with separately in other Articles of this Convention, then the provisions of those articles of the rules in this article.

Article 8

International shipments

: 1. Income of shipping, aviation or road transport in international traffic shall be taxable only in the Contracting State in which the place of effective management is situated.

2nd If an enterprise carrying ships in international traffic, has its place of effective management on board a ship, be deemed to be situated in the Contracting State where the vessel's home port or, if no such home harbor, in the Contracting State in which the ship is a resident.

3rd The provisions of paragraph 1 shall apply in respect of income derived by the Swedish, Danish and Norwegian air transport consortium Scandinavian Airlines System (SAS), but only in respect of the portion of income that corresponds to the participation held in that consortium by AB Aero Transport (ABA), the Swedish partner Scandinavian Airlines System (SAS).

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

5th The provisions of paragraphs 1, 3 and 4 shall apply even if the company has an agency in the other state for passenger and goods transport. However, this applies only activities which are directly related to shipping, aviation and road transport or related activities of auxiliary character.

Article 9

Associated enterprises

1. Where

a) an enterprise of a Contracting State participates directly or indirectly in the management or supervision of an enterprise of the other Contracting State, or takes part in this company's capital, or

b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State, or takes part in both their capital, observed the following.

Between the two enterprises in their commercial or financial relations made or imposed conditions, 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 that enterprise and taxed accordingly.

2nd Where profits on which an enterprise of a Contracting State to tax in that State, also included in the profits of an enterprise of the other Contracting State and taxed accordingly in that other State and the profits so included are profits which would have to the enterprise of the other State if the conditions made between the enterprises had been those which would be made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of tax imposed on the income of that State. In determining such adjustment, due regard to the other provisions of this Agreement and the competent authorities of the Contracting States shall if necessary consult each other.

Article 10

Dividends

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

2nd Dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient of the dividends the tax so charged shall not exceed:

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

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

This paragraph shall not affect the company's taxable profits out of which dividends are paid.

third The term "dividends" as used in this Article means income from shares, mining shares, founders' shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights in a company, which under the laws of the state where the distributing company domiciled for tax purposes, be treated the same as income from shares.

4th Notwithstanding the provisions of paragraph 1, the dividends from a company resident in the People's Republic of Hungary to companies resident in Sweden shall be exempt from Swedish tax to the extent the dividends according to Swedish law would have been exempt if both companies had been Swedish companies.

5th The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends is a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State fixed base situated therein, and the holding in respect 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.

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

2nd The term "interest" as used in this Article means income from any kind of debt, whether issued secured by a mortgage or not and either carrying a right to participate in the debtor or not. In particular, income from securities issued by the state, and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures.

third The provisions of paragraph 1 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, or performs in that other State independent personal services from fixed base, the claim in respect of 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.

4th Where, owing to 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 for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial the interest of such relationship is made, the provisions of this Article shall apply only to the last mentioned amount. In such case, the excess amount under the laws of each Contracting State, due to the other provisions of this Agreement.

Article 12

Royalty

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State if the person concerned is entitled to royalties.

2nd The term "royalties" as used in this Article, any kind of payment received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work (including cinematograph films and films or tapes for television or radio broadcasting), any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use industrial, commercial or scientific equipment or for information concerning industrial, commercial or scientific experience.

third The provisions of paragraph 1 shall not apply if the beneficial owner of the royalties is a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, or performs in that other State independent personal services from fixed base, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14.

4th Where, owing to a special relationship between the payer and the beneficial owner of the royalties, 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 between payer and the beneficial owner of the royalties, if such relationship existed, the provisions of this Article shall apply only to the last mentioned amount. In such case, the excess amount under the laws of each Contracting State, due to the other provisions of this Agreement.

Article 13

Capital gains

1. Gains derived by a resident of a Contracting State from the alienation of immovable

property referred to in Article 6 and situated in the other Contracting State, and gains from the alienation of shares or similar rights in a company whose assets are mainly consist of immovable property may be taxed in that other State.

2nd Gains from the alienation of movable property forming part of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base for the exercise of independent professional activity, as a resident of a Contracting State has in the other Contracting State may be taxed in that other State. The same applies to profits from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base.

third Gains from the alienation of ships, aircraft or road vehicles operated in international traffic or movable property pertaining to the operation of such ships, aircraft or vehicles shall be taxable only in the Contracting State in which the place of effective management is situated.

4th 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 State of which the alienator is a resident.

Article 14

Independent personal

1. Income derived by a resident of a Contracting State from the performance of professional services or other independent activities shall be taxable only in that State unless he was in the other Contracting State has a fixed base regularly available to him in order to pursue the activity. If he has such a fixed base, the income may be taxed in that other State but only so much of them as is attributable to that fixed base.

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

Article 15

Individual business

1. Subject to the provisions of Articles 16, 18, 19 and 20, salaries, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of employment only in that State unless the employment is exercised in the other Contracting State . If services are rendered in that other State, such remuneration as is derived therefrom may be taxed there.

2nd Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State, only in the first-mentioned State if:

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

third Notwithstanding the preceding provisions of this Article, remuneration for work performed on board ships, aircraft or road vehicles in international traffic may be taxed in the Contracting State in which the place of effective management is situated. Where a resident of Sweden derives income of an employment exercised aboard an aircraft operated in international traffic by the air transport consortium Scandinavian Airlines System (SAS), such remuneration shall be taxable only in Sweden.

Article 16

Directors' fees

Directors' fees and other similar remuneration derived by a resident of a Contracting State in his capacity as a member of the board of directors or a similar organ of a company resident in the other Contracting State may be taxed in that other State.

Article 17

Artistes and Athletes

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State from his personal activities in the other Contracting State as an entertainer, such as theater, motion picture, radio or television artiste, or a musician or as an athlete taxed in that other State.

2nd Where income by operating an entertainer or an athlete in his capacity as such accrues not 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 of which the entertainer or athlete are exercised unit, where the person is directly or indirectly controlled by the entertainer or athlete.

third Notwithstanding the provisions of paragraph 1 of this Article, income derived by an activity referred to in paragraph 1 which are exercised in a Contracting State shall be exempt from tax in that State, if the operations are conducted under a cultural agreement between the Contracting States or if that is mainly financed by public funds of the other Contracting State.

Article 18

Pensions

Subject to the provisions of Article 19 paragraph 2 of, pensions and other similar remuneration in consideration of past employment, annuities or payments under the social security legislation which is paid to a resident of a Contracting State may be taxed in the Contracting State where they originate.

Article 19

Government service

1. a) Remuneration (other than a pension) paid by a Contracting State or a local authority thereof to an individual in respect of services rendered to that State or a local authority shall be taxable only in that State.

b) However, such remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State who:

1) is a national of that State; or

2) is not a resident of that State solely for the work.

2nd a) Any pension paid by, or out of funds created by, a Contracting State or a local authority thereof to an individual in respect of services rendered to that State 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 individual is a resident and a national of that State.

third The provisions of Articles 15, 16 and 18 shall apply to remuneration and pensions in respect of services rendered in connection with a trade or manufacture carried on by a Contracting State or a local government.

Article 20

Students

1. Payments which a student or business apprentice or trainee, or intern in technical trade or agriculture or forestry, or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned Contracting State solely for teaching or training receives for the purpose of his maintenance, education or instruction shall not be taxed in that State, provided that such payments are made to him from sources outside that State. Scholarship that such students receive for full-time study at a university or other institution of higher education or income as such intern receives for his traineeship shall not be taxed in the Contracting State in which he resides.

2nd Student at a university or other institution for the teaching of a Contracting State who during a temporary stay in the other Contracting State are employed in that other State for a period not exceeding 100 days during a calendar year in order to obtain

practical experience during their studies, be taxed in that other State solely for the portion of the income from the employment of more than 1 500 Swedish crowns per calendar month, or the equivalent in Hungarian currency. Tax exemption under this paragraph shall be an aggregate amount not exceeding 4 500 Swedish crowns per calendar year, or the equivalent in Hungarian currency. Amounts are tax free under this paragraph includes personal allowances for the current calendar year.

third The competent authorities may agree on such modification of paragraph 2 of this article stated amounts as may be reasonable in view of the change in the value of money, changes in legislation of a Contracting State or other similar circumstances.

Article 21

Other income

1. Income derived by a resident of a Contracting State not dealt with in the foregoing Articles of this Convention shall be taxable only in that State, regardless of where the income arises.

2nd The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in Article 6, paragraph 2, if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14.

Article 22

Fortune

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

2nd Capital represented by movable property forming part of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or by movable property pertaining to a fixed base for the exercise of independent professional work, as a resident of a Contracting State has in the other Contracting State may be taxed in that other State.

third Capital represented by ships, aircraft or road vehicles operated in international traffic and by movable property pertaining to the operation of such ships, aircraft and vehicles shall be taxable only in the Contracting State in which the place of effective management is situated.

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

Article 23

Elimination of double taxation

1. In the People's Republic of Hungary avoiding double taxation as follows:

- a) Where a resident of the People's Republic of Hungary derives income or owns capital which, in accordance with the provisions of this Agreement may be taxed in Sweden, the People's Republic of Hungary, unless the provisions of paragraphs b) and c) causes, exempt such income or capital from tax .
- b) Where a resident of the People's Republic of Hungary derives income which, in accordance with Article 10 may be taxed in Sweden, the People's Republic of Hungary from the tax on the income of that resident an amount equal to the tax paid in Sweden. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which accrued from Sweden supported the income.
- c) If the income derived or capital owned by a resident of the People's Republic of Hungary under the provisions of the Agreement is exempt from tax in the People's Republic of Hungary, the Hungarian People's Republic nevertheless, in calculating tax on the remaining income or capital account of income or capital exempt from tax.

2nd In Sweden, avoids double taxation as follows:

- a) Where a resident of Sweden derives income or owns capital which, under the provisions of this Agreement may be taxed in the People's Republic of Hungary, Sweden shall, unless the provisions of paragraph b) below or in Article 10, paragraph 4, to the contrary,
 - 1) from the tax on the income of that resident an amount equal to the income tax paid in the People's Republic of Hungary;
 - 2) from the tax on the capital of that resident an amount equal to the capital tax paid in the People's Republic of Hungary.

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

- b) Where a resident of Sweden derives income or owns capital which, in accordance with the provisions of the Agreement shall be taxable only in the People's Republic of Hungary, Sweden may include income or capital tax base but shall from tax on income or capital peel that part of the income tax and wealth tax that is attributable on the income derived from the People's Republic of Hungary or the assets held there.

Article 24

Prohibition of discrimination

1. Nationals of a Contracting State shall not 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 nationals of that other State in the same circumstances are or may be subjected. Notwithstanding the provisions of

Article 1 shall apply this provision also apply to persons who are not domiciled in a Contracting State or in both states.

2nd Taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall, in that other State may not be less favorable than the taxation levied on enterprises of that other State carrying on the same activities. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, exemptions or reductions on account of civil status or family responsibilities which it grants to residents of their own state.

third Except where the provisions of Article 9, paragraph 1, Article 11, paragraph 4 of Article 12, paragraph 4, apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall be deductible in determining the taxable profits of such companies on the same basis as paid to a resident of the first-mentioned State. Similarly, any debts of an enterprise of a Contracting State to a resident of the other Contracting State deductible in determining the taxable capital of such an undertaking on the same terms as contracted to a resident of the first-mentioned State.

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

5th Notwithstanding the provisions of Article 2, the provisions of this article to taxes of every kind and description.

Article 25

Mutual Agreement Procedure

1. If a person claims that a Contracting State or both states have taken measures to him result or will result in a the provisions of this Agreement warring taxation, he may - without prejudice to his right to avail themselves of the remedies provided in these States' domestic legal order - bring the matter to the competent authority of the Contracting State of which he is a resident or, if his case comes under Article 24, paragraph 1, of the Contracting State of which he is a national. 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 this Agreement.

2nd If the competent authority finds the complaint 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 State for the purpose of avoiding taxation contrary to this agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic laws of the Contracting States.

third The competent authorities of the Contracting States shall by mutual agreement any difficulties or doubts arising as to the interpretation or application of this Agreement. They may also consult together for the elimination of double taxation in cases not covered by the agreement.

4th The competent authorities of the Contracting States may communicate directly with each other in order to reach an agreement in the sense of the preceding paragraphs. If oral exchanges of facilitating an agreement, such exchange may take place through a Commission consisting 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 such information as is necessary to implement the provisions of this Agreement or of the domestic laws of the Contracting States concerning taxes covered by the Agreement, insofar as the taxation because of this legislation is not contrary to the Agreement . The exchange of information is not restricted by Article 1. Notices received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) sets, or collection of the taxes covered by the Agreement or prosecution or complaint regarding these taxes. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in actions of a court releases.

2nd The provisions of paragraph 1 be construed so as to impose on a Contracting State the obligation:

- a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;
- b) to supply information which is not obtainable under the laws or in the normal administrative practice 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

Persons belonging to embassies or consulates

The provisions of this Agreement shall not affect the privileges in taxation purposes, which, under international law or under the provisions of special agreements persons belonging to embassies or consulates.

Article 28

Entry into force

1. The Contracting Governments shall notify each other when necessary constitutional measures taken for its entry into force.

2nd The agreement will enter into force sixty days after the date of the last of those specified in paragraph 1 messages and its provisions shall apply:

a) in respect of income derived on or after 1 January immediately following that in which the Agreement enters into force;

b) With respect to capital assessable second calendar year next following that in which the Agreement enters into force.

third Agreement between the Kingdom of Sweden and the Kingdom of Hungary for the avoidance of double taxation with respect to direct taxes, which was signed in Budapest June 17, 1936, is repealed with the entry into force of the present agreement and shall thereafter cease to apply on income and wealth to which this Convention applies under provisions of paragraph 2 of this Article.

Article 29

Cessation

This Agreement shall remain in force indefinitely but either of the Contracting Governments own that - by 30 June in any calendar year beginning after the expiration of a period of five years from the date of the agreement - the diplomatic channel written notice of termination agreement with the other contracting state government.

In such event this Agreement shall cease to have effect in respect of income derived on January 1 next following the year in which such termination occurs on or after and in respect of property which is assessed in the second calendar year next following that in which notice is given or later.

In witness whereof the undersigned, being duly authorized thereto, have signed this Agreement and have affixed thereto their seals.

Done at Stockholm, October 12, 1981 in duplicate in the English language.

MINUTES

At the signing today of the Agreement between the People's Republic of Hungary and the Government of Sweden for the avoidance of double taxation with respect to taxes on income and wealth undersigned have agreed upon the following provisions which shall form an integral part thereof.

1. To Article 2, paragraph 3

They currently outgoing Hungarian income taxes referred to in Article 2, paragraph 3 a) 1) of the Agreement are:

- a) the general income tax
- b) income tax on persons engaged in intellectual activity; and
- c) The income tax rate for domestic and agricultural support.

They currently outgoing Hungarian profit taxes referred to in Article 2, paragraph 3 a) 2) of the Agreement are:

- a) corporate tax
- b) the profit tax for state business

second Article 5 paragraph 1

The term "place of business" shall also mean a place of manufacture.

third To Article 10 paragraph 2 a)

Economic associations with foreign partners can be established in the People's Republic of Hungary also in the form of partnerships with unlimited liability. If such an association is established in this form, the provisions of Article 10 accordingly with respect to dividends from the association.

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

Done at Stockholm, October 12, 1981 in duplicate in the English language.