

Ordinance (1982:70) on the double taxation treaty between Sweden and Yugoslavia

SFS : 1982:70 **Ministry / Authority** : Ministry of Finance S3 **Issued** : 1982-02-04 **Modified** SFS 1998:258 **Other text** : Withdrawn as regards Macedonia fr.om 1998-12-31. Only the Swedish text is included in the appendices. **Amendment Record** : [SFSR \(Lagrummet\)](#) **Source** : Cabinet Office / Lagrummet

The agreements to avoid double taxation with respect to taxes on income and wealth as Sweden and Yugoslavia signed on 18 June 1980 together with the Protocol annexed to the Agreement valid for Sweden. Agreement and Protocol content are given in Annexes 1 and 2 hereto.

For the purposes of the Agreement and the Protocol shall be complied with the instructions attached thereto as Appendix 3.

Appendix 1

Agreement between the Kingdom of Sweden and the Socialist Federal Republic of Yugoslavia for the avoidance of double taxation on income and wealth

The Kingdom of Sweden and the Socialist Federal Republic of Yugoslavia, desiring to conclude an agreement to avoid double taxation with respect to taxes on income and capital, have agreed as follows:

Article 1

Persons covered by the Agreement

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 wealth, which is extracted from each of the Contracting States or a political subdivision or local authorities,

irrespective of the manner in which they are levied. The Agreement shall also apply to contributions levied in Yugoslavia, except for social security contributions.

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 and taxes on capital appreciation. For the purposes of this Agreement, the term taxes even such subsidies listed in paragraph 1 of this Article.

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

a) With respect to Sweden:

- 1) the state income tax, sailor tax and coupon tax;
- 2) compensation tax and the distribution tax;
- 3) the tax on view public performances;
- 4) the municipal income tax; and
- 5) the State capital tax;

(Hereinafter referred to as "Swedish tax").

b) concerning Yugoslavia:

- 1) taxes and contributions levied on the income of the associations of associated labor;
- 2) taxes and contributions levied on personal income acquired through individual service;
- 3) taxes and contributions on personal income acquired through agricultural activities;
- 4) taxes and contributions on personal income acquired through independent activities of economic or non-economic nature;
- 5) the tax on personal income acquired through copyright, patents or technical improvements;
- 6) the tax on the return of assets or rights of fortune nature;
- 7) the wealth tax;
- 8) the tax on total income citizens;
- 9) the tax on the income of a resident abroad through investment in a domestic group of associated labor for a so-called mixed company;
- 10) the tax on the income of a resident abroad through investment work;
- 11) the tax on the income of a resident abroad through transportation of passengers and freight;

(Hereinafter called "Yugoslav tax").

4th This Agreement shall also apply to any identical or substantially similar taxes imposed after the date of signature of this Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have occurred in their respective taxation laws.

Article 3

General Definitions

1. In this Agreement the following terms have the meaning indicated below:

- a) the terms "a Contracting State" and "the other Contracting State" mean the Socialist Federal Republic of Yugoslavia and the Kingdom of Sweden, as the context requires.
 - b) the term "person" includes an individual, and each body corporate.
 - c) the term "company" means any association of associated labor and every other entity that is taxable as well, the case of Sweden, although Swedish trading company.
 - d) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean, as the context requires, in respect of Yugoslavia, a federation of associated labor and other autonomous organizations or associations, workers who individually perform independent activities and enterprises established outside Yugoslavia and carried on by a resident of Yugoslavia and, in the case of Sweden, an enterprise carried on by a resident in Sweden.
 - e) the term "competent authority" means:
 - 1) in respect of Yugoslavia, Federal Secretariat for Finance or the authorized representative,
 - 2) for Sweden, the Financial Secretary or his authorized representative.
 - f) the term "national" means any individual possessing the nationality of a Contracting State.
 - g) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise which has its place of effective management in a Contracting State, except when the transport by ship or aircraft is operated solely between places in the other Contracting State.
- 2nd Where a Contracting State shall apply this Agreement is held by 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 laws of that State, is liable to tax therein by reason of his domicile, residence, place of management or any other similar circumstance.
- 2nd Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then his status shall be determined under the following rules:
 - a) He shall be deemed to be a resident of the Contracting State in which he has a permanent home available to him. If he has a permanent home in both Contracting States, he shall be deemed to be a resident of the Contracting State with which his personal and economic relations are closer (center of vital interests).
 - b) If it is not settled, Contracting State in which he has his center of vital interests, or if he is not in either Contracting State has a home, permanent home available to him, he is deemed to be a resident of the Contracting State of which he is staying permanently .

c) if he habitual abode in both Contracting States, or if he does not reside permanently in any of them, he shall be deemed a resident of the Contracting State of which he is a national.

d) if he is a national of both Contracting 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 an individual is a resident of both Contracting States, shall be deemed to be a resident of the Contracting 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 in which the company 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,

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

g) a building site or construction or assembly project which exists for more than twelve months.

third The term "permanent establishment" shall be deemed not to 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 inventories solely for storage, display or delivery,

c) the maintenance of a company belonging inventories solely for processing or processing by another enterprise,

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

e) the maintenance of a fixed place of business solely for the purpose that was for business purposes of advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character.

4th Person, who is acting in a Contracting State for the enterprise of the other Contracting State - other than an agent of an independent status within the meaning of paragraph 5 - treated as a permanent establishment in the first-mentioned State if he has, and in that State, regularly authority to conclude contracts in the name and the business is not limited to the purchase of goods on behalf of the company.

5th Enterprises of a Contracting State is considered to have a permanent establishment

in the other Contracting State merely because it carries on business in that other State through a broker, general commission agent or any other agent of independent status, provided that such persons are acting in the ordinary business operations.

6 . 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 company.

Article 6

Property

1. Income from immovable property - which included income of agricultural or forestry - may be taxed in the Contracting State in which such property is situated.

2nd The term "property" has the meaning which it has under the law of the state where the property in question is situated. Ships, boats and aircraft are not regarded as property.

third The provisions of paragraph 1 of this Article shall apply to income derived from the direct use, letting or use in any other real estate.

4th The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of professional services.

Article 7

Movement

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 enterprise carries on business as aforesaid, the enterprise may be taxed in the 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, are assigned - 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 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 income as is attributable to that permanent establishment, a deduction for expenses incurred for the permanent establishment including costs for executive and general administrative expenses, whether incurred in the Contracting State in which the permanent establishment is situated or elsewhere . This paragraph

does not entail the right to deduct the costs of such a kind that deduction would not have been allowed if the permanent establishment were a separate company.

4th Income attributable to a permanent establishment shall be determined on the basis of accounting statement of the permanent establishment. If disclosure is not sufficient for determining the permanent establishment's income, it must be determined by a distribution of the company's total profits of the various parts. The procedure shall be such that the result is consistent with those of this article stated principles. If deemed necessary, the competent authorities of the Contracting States shall endeavor to agree on the method of allocating corporate income.

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

6. The provisions of this Article shall apply to income derived from Yugoslavia by a resident in Sweden through his participation in a so-called mixed company (joint venture) with a Yugoslav company.

7. Included in operating income is 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

Maritime and aviation

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

2nd If companies engaged in shipping in international traffic of effective management on board a vessel shall 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.

3 . The provisions of paragraph 1 shall apply to profits derived by the 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 of Scandinavian Airlines System (SAS).

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

Article 9

Associated Enterprises

Where

- 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, 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.

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 the tax so charged shall not exceed:

- a) 5 per cent of the gross amount if the recipient is a company (other than a partnership) which holds directly at least 25 percent of the voting stock of the distributing company,
- b) 15 per cent of the gross amount in other circumstances.

The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

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 or other rights, assets were not included, with the right to participate in profits as well as income from other corporate rights in a company, which, under the taxation law of the Contracting State in which the distributing company is resident, is subject same tax as income from shares.

4th The provisions of paragraphs 1 and 2 shall not apply if the recipient of the dividends is a resident of a Contracting State has a permanent establishment in the other Contracting State of which the company paying the dividends is a resident, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment. In such case the provisions of Article 7.

5th Where a company which is a resident of a Contracting State derives income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company to persons who are not residents of that other State, nor any tax

on the company's undistributed profit, 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.

2nd The term "interest" as used in this Article means income from securities issued by the state, from bonds or debentures, whether issued secured by a mortgage or not and whether they carry the right to participate in profits or not. The term refers also the capital of any other kind of claim and any other income that the taxation law of the Contracting State in which the income is derived, assimilated to income from pre-stretch.

third The provisions of paragraph 1 shall not apply if the recipient of the interest is a resident of a Contracting State and holds a permanent establishment in the other Contracting State in which the interest arises and the debt claim in respect of which the interest is paid is effectively connected with such permanent establishment. In such case the provisions of Article 7.

4th Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, that it paid the interest amount with respect to the debt for which the interest paid exceeds the amount which would have been agreed upon by the payer and the recipient of such a relationship is made, apply 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.

2nd The term "royalties" as used in this Article, any kind received as a consideration for the use of or right to use any copyright of literary, artistic or scientific work including cinematograph films and films or tapes for television and radio, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or 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 recipient of the royalties is a resident of a Contracting State and holds a permanent establishment in the other Contracting State in which the royalties arise, and the right or property giving rise to the royalties is effectively connected with such permanent establishment. In such case

the provisions of Article 7.

4th Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the royalties paid, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and recipient of such a 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 13

Gain

1. Gains from the alienation of immovable property referred to in Article 6, paragraph 2, may be taxed in the Contracting State in which the property is located.

2nd Gains from the alienation of movable property pertaining to the assets accrued in 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 performance of professional services, which a resident of a Contracting State has in the other Contracting State may be taxed in that other State. The corresponding gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base.

third Notwithstanding the provisions of paragraph 2 of this Article taxable gains from the alienation of ships or aircraft operated in international traffic or movable property pertaining to the operation of such ships or aircraft, only in the Contracting State of which the company has its effective management.

4th Gains from the alienation of other than in paragraphs 1, 2 and 3 of this Article shall be taxable only in the Contracting State of which the alienator is a resident.

Article 14

Profession

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.

2nd Notwithstanding the provisions of paragraph 1 of this Article, remuneration derived by a resident of a Contracting State from the performance of professional services or other independent activities in the other Contracting State may be taxed in that other Contracting State if the individual is present in that other Contracting State for a period or periods exceeding in the aggregate 183 days in the calendar year in question, regardless of whether such person has a fixed base situated in that other Contracting State or not.

third The term "professional services" includes especially independent scientific,

literary, artistic, educational or teaching activities as well as the independent activities as that of doctors, lawyers, engineers, architects, dentists and accountants.

Article 15

Service

1. Subject to the provisions of Articles 16, 18 and 19 of this Agreement, salaries, salaries, wages and other similar remuneration derived by a resident of a Contracting State through 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 of this Article taxable income, which is derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State, only in the first-mentioned Contracting State, provided that

a) is present in the other Contracting 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 the person who is not a resident of the other State, and

c) the remuneration is not borne by a permanent establishment or a fixed base which the person in question has in the other State.

third a) Remuneration paid by a Contracting State or a political subdivision or local authority thereof to an individual shall be taxable only in that State.

b) However, such remuneration shall be taxable only in the other Contracting State if the recipient has performed the work in that other State and is a resident of that State who:

1) is a national of that State or

2) is not a resident there only to perform the work.

4th Salary which an individual receives for work performed in connection with a business carried on by a Contracting State or a political subdivision or local authority taxed under the provisions of paragraphs 1 and 2 of this Article.

5th Salary which an individual receives for work done at Yugoslavia's United Financial Representative or Yugoslavian tourist office shall be taxable only in Yugoslavia. The provisions of this paragraph shall not apply in respect Swedish citizens or for person who is not a resident in Sweden only to perform the work.

6. Notwithstanding the preceding provisions of this Article, remuneration for employment exercised aboard a ship or aircraft in international traffic shall be taxable in the Contracting State in which the place of effective management is situated. Where a resident of Sweden derives remuneration for employment exercised aboard an aircraft operated in international traffic by the air transport consortium Scandinavian Airlines System (SAS), taxable compensation only in Sweden.

Article 16

Compensation for work on the board of directors (directors' fees)

1. Directors' fees and similar payments derived by a resident of Yugoslavia in his capacity as a director of a company resident in Sweden may be taxed in Sweden.

2nd Fees and other similar remuneration derived by a resident of Sweden receives as a director of a company resident in Yugoslavia may be taxed in Yugoslavia.

third The provisions of paragraphs 1 and 2 shall not apply to compensation that someone receives because of their regular functions in a company as an employee, advisor, consultant, or the like. In such case the provisions of Article 14 and Article 15.

Article 17

Artistes and Athletes

1. Notwithstanding the provisions of Articles 14 and 15, income as theater, motion picture, radio or television artists, musicians and other professionals as well as athletes, through their personal activities as such may be taxed in the Contracting State in which these activities are exercised.

2 . Where income in respect of personal activities as an artist or an athlete in his capacity as performing goes to other than the entertainer or athlete himself 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.

3rd Notwithstanding the provisions of paragraphs 1 and 2 of this Article, profits of an entertainer or athlete is a resident of a Contracting State in his capacity acquires from his personal activities, only in that State, provided that the activity is exercised in the other Contracting State in under a program of cultural or sporting links approved by both Contracting States.

Article 18

Pensioner

1. Pensions and other similar remuneration shall be taxable only in the Contracting State in which the recipient of a pension or allowance is domiciled.

2nd Notwithstanding the provisions of paragraph 1, pensions paid by a Contracting State or a political subdivision or local authority thereof to an individual over the budget or from special funds, only in that State. However, such pension shall be taxable only in the other Contracting State if the recipient is a national of and a resident of this state.

third Pension which an individual received for work performed in connection with a business undertaken by a Contracting State or a political subdivision or local authority shall be taxable only in the Contracting State of which the individual is a resident.

4th Notwithstanding the provisions of paragraphs 1 and 3 of this Article, the payments under the general social security legislation of a Contracting State may be taxed in that State.

Article 19

Students

1. A student or business apprentice or trainee who visits a Contracting State solely for education or training and who is - or was immediately before visiting that State had - a resident of the other Contracting State shall be exempt from tax in the first-mentioned Contracting State in respect of amounts he receives for his maintenance, education or training, if payments are made to him from sources outside that first-mentioned State.

2nd Student at a university or other educational institution in Yugoslavia, during a temporary stay in Sweden are employed in Sweden for a period not exceeding 100 days during a calendar year for the purpose of obtaining practical experience in connection with his studies, be taxed in Sweden only for the proportion of income of the employment that exceed 1 500 Swedish crowns per calendar month. Tax exemption under this paragraph shall be an aggregate amount not exceeding 4 500 Swedish kronor. Amounts under this paragraph are exempt from taxation include personal allowances for the current calendar year.

third Student at a university or other educational institution in Sweden, who during a temporary stay in Yugoslavia are employed in Yugoslavia during a period not exceeding 100 days during a calendar year for the purpose of obtaining practical experience in connection with his studies, be taxed in Yugoslavia only for the portion of income of employment as a calendar month, the law guaranteed personal income. Amounts under this paragraph are exempt from taxation include personal allowances for the current calendar year.

4th A student or business apprentice or trainee who visits a Contracting State for the purposes of teaching or training and who is - or was immediately before visiting that State had - a resident of the other Contracting State shall be exempt from tax in the first-mentioned State in respect of profits derived from the work in that State, if the compensation is not for any taxable year exceeds 5,000 Swedish kronor or its equivalent in the Yugoslav currency.

Tax exemption under this paragraph shall extend only for such time as may reasonably or customarily required for the completion of studies or training in question, but shall in no event longer than three consecutive years. Amount exempted from tax under this paragraph include personal allowances for the current calendar year.

5th The competent authorities of the Contracting States shall by mutual agreement of the provisions of paragraphs 2, 3 and 4. Competent authorities may also agree on such changes of the mentioned amount to be reasonable with regard to the change in the

value of money, changes in legislation in a Contracting State or other similar circumstances.

Article 20

Other income

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

Article 21

Fortune

1. Capital represented by immovable property referred to in Article 6, paragraph 2, may be taxed in the Contracting State in which the property is located.

2nd Capital represented by movable property pertaining to the assets accrued in a company's permanent establishment or by movable property forming part of a fixed base for the performance of professional services, may be taxed in the Contracting State in which the permanent establishment or fixed base is situated .

3rd Ships and aircraft operated in international traffic and movable property pertaining to the operation of such ships and aircraft, 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 22

Elimination of double taxation

1. Where a resident of Sweden derives income or owns capital which, in accordance with the provisions of this Agreement may be taxed in Yugoslavia shall, unless the provisions of paragraph 4 to the contrary, Sweden

a) from that person, the income tax an amount equal to the income tax paid in Yugoslavia,

b) from that person, wealth tax, an amount equal to the capital tax paid in Yugoslavia.

2nd Such deduction shall not, however, 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 Yugoslavia.

third Where under Yugoslav law leniency was issued against Yugoslavian tax payable under Article 7 of the Agreement may be payable on income which is acquired by a Swedish company through a permanent establishment or 'mixed farm in Yugoslavia,

for the purposes of paragraph 1 a) and paragraph 2 settlement of the Yugoslav tax from Swedish tax made as if such exemption or reduction to be announced.

The provisions of this paragraph apply to the first ten years during which this Agreement applies. The competent authorities shall consult each other in order to determine whether this period shall be extended.

4th Where a resident of Sweden derives income or owns capital which, under the provisions of this Agreement shall be taxable only in Yugoslavia, Sweden may include income or capital tax base but shall from tax on income or capital deduct the portion of income tax and wealth tax, which constitutes the same proportion of the entire tax on the income and wealth that the income derived from Yugoslavia or the capital held where the total income or wealth.

5th Where a resident of Yugoslavia derives income or owns capital which, in accordance with the provisions of this Agreement may be taxed in Sweden, the Federal Republic of Yugoslavia, unless the provisions of paragraph 6, salaries, exempt such income or capital from tax. When calculating tax on the remaining income or capital may be the rate applicable as would have been applicable if the income or capital in question is not exempt from taxation.

6. Where a resident of Yugoslavia derives income which, in accordance with the provisions of Article 10 may be taxed in Sweden, the Federal Republic of Yugoslavia 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 is attributable to the income derived from Sweden.

Article 23

Prohibition of discrimination

1. Nationals of a Contracting State, whether domiciled in a Contracting State or not, not in the other Contracting State shall be subject to any taxation or any related tax requirements, which is other or more burdensome than the taxation and related tax demands as nationals of that other State in the same relation is or may be subjected.

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, tax exemptions or reductions on account of civil status or family responsibilities which it grants to residents of the not thrown mentioned Contracting State.

3 . Except in cases where Article 9, Article 11, paragraph 4 of Article 12, paragraph 4 applies, the interest, royalties and other payments from an enterprise of a Contracting State to a resident of the other Contracting State against the taxable profits of such

enterprise be deductible under the same conditions as the corresponding payment to a resident of the first-mentioned State.

Similarly, the debt of an enterprise of a Contracting State to a resident of the other Contracting State, when calculating its taxable property shall be deductible as if it was incurred in relation 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 Contracting State shall be subject to any taxation or any related tax requirements; which is other or more burdensome than the taxation and related tax requirements to which other similar enterprises of that first-mentioned State are or may be subjected.

5th In this article, the term "taxation" means taxes of every kind and description.

Article 24

Mutual Agreement Procedure

1. Where a resident of a Contracting State asserts that in a Contracting State or in both states adopted measures, which for him involves or will result with this Convention warring taxation, he may - without prejudice to his right to use themselves of the remedies available under the domestic legal order - present his case to the competent authority of the Contracting State of which he is a resident.

2nd If the competent authority finds the request 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 in order to avoid of this agreement warring taxation.

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 this Agreement.

4th The competent authorities of the Contracting States may communicate directly with each other 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 25

Exchange of Information

1. The competent authorities of the Contracting States shall exchange such information as is necessary to implement this Agreement and to implement the provisions of the Contracting States laws concerning taxes covered by this Agreement, insofar as the taxation thereunder is in accordance with this

agreement. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons or authorities other than those concerned with the assessment or collection of taxes covered by this Agreement.

2nd The provisions of paragraph 1 shall not be considered to impose on a Contracting State

a) to carry out administrative measures at variance with 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 normal course of that or of the other Contracting State,

c) to supply information which would disclose any trade secret or official secret nature or trade process, or information, the disclosure of which would be contrary to public policy (ordre public).

Article 26

Diplomatic and consular officials

This Agreement does not affect the fiscal privileges of which, according to international law rules or provisions of special agreements, the diplomatic or consular officers.

Article 27

Entry into force

1. This Agreement shall be ratified and the instruments of ratification are exchanged in Belgrade as soon as possible.

2nd This Agreement shall enter into force upon the exchange of instruments of ratification and its provisions shall apply:

a) in Sweden:

With respect to income derived on January 1 calendar year next following that in which the exchange takes place, or later, and with respect to assets chargeable second calendar year next following that in which the exchange takes place, or later.

b) in Yugoslavia:

With respect to income derived or capital owned in each calendar year after the date of the exchange takes place.

Article 28

Cessation

This Agreement shall remain in force indefinitely but either of the Contracting States may - 30 June in any calendar year beginning after the expiration of a period of five years after the date of the agreement - the diplomatic channel written notice of

termination of the Agreement other Contracting State. In such event, the Agreement shall cease to have effect:

a) in Sweden:

Respect of income derived on January 1 calendar year next following that in which notice is given or later and with respect to assets chargeable second calendar year next following that in which notice is given or later.

b) in Yugoslavia:

With respect to taxes on income derived or capital owned in any calendar year following that in which the notice is issued.

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

DONE at Stockholm June 18, 1980 in two originals in the English language.

For the Kingdom of Sweden Rolf Wirtén

For the Socialist Federal Republic of Yugoslavia Ljubomir Drndic Appendix 2

Minutes

At the signing of the Agreement between the Kingdom of Sweden and the Socialist Federal Republic of Yugoslavia for the avoidance of double taxation with respect to taxes on income and wealth, the undersigned, being duly authorized thereto, have agreed upon the following provisions which shall form an integral part thereof.

1. On Article 7

The Contracting States undertake, subject to reciprocity, not to tax the gross receipts derived in a Contracting State by a resident of the other Contracting State through passenger and freight transport, unless the income is attributable to a permanent establishment that the person has in the first-mentioned State.

2nd Re Article 11

Taxing rule in this article is drafted on the basis that neither of the Contracting States at the signing of this Agreement, under its laws, impose taxation on interest paid to non-resident. The Parties agree to take up negotiations to amend Articles 11 and 22, if such taxation introduces, in a Contracting State.

third Article 25 paragraph 2 c)

The term "official secret nature" means a commercial, industrial or professional secret.

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

DONE at Stockholm June 18, 1980 in two originals in the English language.

For the Kingdom of Sweden

Rolf Wirtén

For the Socialist Federal Republic of Yugoslavia

Ljubomir Drndic

Appendix 3

Instructions

A. General Instructions

The question whether and to what extent a person is liable to tax in Sweden is determined primarily on the basis of the Swedish tax statutes. If, under these provisions tax liability arises, can such nor enter because of the agreement. To the extent that the agreement involves restriction of the charge in Sweden, as stipulated in the Swedish tax statutes, the contract shall however apply.

Although the Agreement taxpayer income or capital wholly or in part shall be exempt from tax in Sweden, the taxpayer shall submit all information for the guidance of taxation which he would otherwise have been obliged to leave.

If the taxpayer can show that the measure taxing authority or court has taken resulted or will result in taxation not inconsistent with the rules, he gets under Art. 24, paragraph 1, request for rectification. Such request shall be made by the government and should be filed as soon as possible after the taxpayer received the knowledge of the illegal industrial taxation.

Such examination of the application of the Agreement referred to in the preceding paragraph may be exercised by an individual, who is resident or ordinarily resident in Sweden, or the Swedish legal entity.

Most types of income are specifically addressed in the contract. Some special species of income - eg some kind of periodic benefits - are not mentioned in the agreement. In such case the provisions of art. 20.

Some elements of capital are especially treated in nature. 21 points 1 - 3. Otherwise there will be taxation under Art. 21, paragraph 4. Cf also Art. 22.

B. Special instructions

to species. 1 and 4

Agreement's provisions are generally applicable only to natural and legal persons who are domiciled in Sweden or Yugoslavia.

Whether natural or legal person shall be deemed to be a resident of either Contracting State is determined primarily on the basis of the laws of this state. In nature. 4, paragraphs 2 and 3 for the situation of so-called dual residence, ie. cases where the taxpayer according to Swedish taxation rules are considered resident in Sweden,

according to Yugoslav taxation rules are considered resident in Yugoslavia. For the purposes of this Agreement shall in such cases the taxpayer is deemed to be a resident only of the Contracting State of which he is a resident under that treaty provisions. Person referred to in § 69 municipal Act (1928:370), 17 § Law (1947:576) on state income tax and 17 § Law (1947:577) on state property tax, for the purposes of art. 4 paragraph 1 shall be deemed a resident of Sweden, to the best question is whether Swedish embassy or paid off Swedish consulates in Yugoslavia.

Person referred to in § 70 subsection 1. Municipal Tax Act, § 18 subsection 1. National Tax Act and § 18 Law on State property tax, for the purposes of art. 4 paragraph 1 are deemed resident in Yugoslavia, to the best question is whether the Yugoslavian embassy or paid Yugoslav consulates in Sweden.

to species. 2

The agreement applies to the taxes referred to in Art. 2nd Regarding other taxes but see Art. 23 points 5th

to species. 6

According to Swedish law, income derived from property, in some cases as business income / cf. eg 27 § Municipal Tax Act (1928:370) /. Income covered by Art. 6 taxable always in the state where the property is located. This rule also applies to royalties from real property or the use of, or the right to work a mine, quarry or other natural resources.

Other royalties are taxed under Art. 12.

to species. 7

The profits that are conducted through a permanent establishment may be taxed as a rule under Art. 7th What is meant by the term "permanent establishment" out in the nature. 5th

If natural or legal person resident in Sweden carries on business through a permanent establishment in Yugoslavia may be the to establishment attributable income is taxed in Sweden but Yugoslavian tax on income is deducted from the Swedish tax under Art. 22 point first same applies to income derived from Yugoslavia by a resident in Sweden through participation in a so-called mixed company (joint venture) with a Yugoslav company. In the case of proceedings before the settlement refers to instruction point 2 to species. 22.

The profits of the natural or legal person resident in Yugoslavia pursuing a permanent establishment in Sweden, calculated according to art. 7 points 2 - 5. The basis for the income tax should be primarily the separate accounts that may have been at the permanent establishment. Where necessary, these records shall be adjusted so that revenue is in accordance with paragraphs 2 and 3 stated principle. Deductions are allowed for as much of the head office overheads that can reasonably be considered to be due on the permanent establishment.

If the income of shipping and aircraft in international traffic are special provisions in art. 8.

to species. 8

Income of ships or aircraft in international traffic shall be taxable under Art. 8 paragraph 1 only in the State in which the place of effective management is situated.

to species. 9

Part. 9 contains a general rule of translation of profit distribution between kocernföretag. For Sweden, recalculation on assessment made in accordance with § 43 subsection 1. Municipal Tax Act (1928:370).

Where such a conversion takes place between companies in Sweden and Yugoslavia, the Board shall notify the Government and briefly describe what occurred.

to species. 10

first what is meant by the term "dividends" out in the nature. 10 paragraph 3.

2nd When natural or legal resident of Sweden derives dividends from a company resident in Yugoslavia and the dividend is attributable to a share, which is effectively connected with a permanent establishment which the dividend-have in Yugoslavia, calculated Swedish tax on the gross amount without any deduction for Yugoslavian tax . Deductions are allowed, however, as usual, for administrative expenses and interest on debt that is attributable to the dividend. Swedish tax on dividends is reduced under Art. 22, paragraph 1, by the settlement of the Yugoslav tax collected under Art. 10 paragraph 2. Yugoslavian treasure States shall not exceed 15% or, in the cases referred to in Art. 10 paragraph 2 a), 5% of the gross amount. In the case of proceedings before the settlement refers to instruction point 2 to species. 22.

third When natural or legal resident of Sweden derives dividends from a company resident in Yugoslavia and the dividends are attributable to a share, which is effectively connected with a permanent establishment which the dividend-have in Yugoslavia, applied art. 7th dividend shall be taxed in Sweden but Yugoslavian tax on the dividend is deducted from the Swedish tax under Art. 22, paragraph 1. Concerning the procedure for the settlement refers to instruction point 2 to species. 22.

4th When incorporated in Sweden effects distribution to natural or legal person resident in Yugoslavia and the dividend is not attributable to the proportion that is effectively connected with a permanent establishment which the dividend-have in Sweden, the coupon with 15% or, in the cases referred to in Art . 10 paragraph 2 a), 5% of the gross amount. Dividends from Swedish economic association taxed in that case under Article 6 § 1 subsection. a or c Act (1947:576) on state income tax, but the state income tax may not exceed 15% or, in the cases referred to in Art. 10 paragraph 2 a), 5% of the gross amount. At tax to state income tax for dividends from Swedish economic association shall tax audit in the declaration record the data necessary for billing. Length Operator authority responsible for the note about the settlement made in tax length.

Regarding the procedure for reduction of the Swedish tax on dividends applied in other specific provisions.

If the dividend recipient has a permanent establishment in Sweden and the dividends are attributable to a share, which is effectively connected with such permanent establishment, applied art. 7th In that case do not apply above rules limiting the Swedish tax on dividends.

to species. 11

first what is meant by the term "interest" as stated in art. 11 paragraph 2.

2nd Interest paid from Yugoslavia to natural or legal person resident in Sweden, taxed here.

Is the interest attributable to the debt, which is effectively connected with a permanent establishment which the recipient of the interest in Yugoslavia, the interest rate may also be taxed in Yugoslavia. Yugoslavian tax on interest deducted in such cases from the Swedish tax under Art. 22, paragraph 1. Concerning the procedure for the settlement refers to instruction point 2 to species. 22.

third Interest payable from Sweden to the natural or legal person resident in Yugoslavia, can according to current tax regulations are not taxed in Sweden. However, this applies only in respect of interest that is income from a professional source of capital. Is the interest attributable to capital movement / cf. paragraph 2 of the instructions to 28 § Municipal Tax Act (1928:370) / taxable interest rate in Sweden, provided that the interest is attributable to the debt that is effectively connected with a permanent establishment which the recipient of the interest rate In Sweden (Article 11 paragraph 3).

to species. 12

On taxation of such royalty provided for in Art. 12, paragraph 2, the following applies.

Royalties paid from Yugoslavia to natural or legal person resident in Sweden, taxed here.

Are the royalties attributable to the right or property, which is effectively connected with a permanent establishment which the recipient of the royalties, in Yugoslavia, the royalties are taxed in Yugoslavia. Yugoslavian tax on royalties was settled in such a case from the Swedish tax under Art. 22, paragraph 1. Concerning the procedure for the settlement refers to instruction point 2 to species. 22.

Royalties paid from Sweden to the natural or legal person resident in Yugoslavia taxed in Sweden only if the right or property giving rise to the royalties is effectively connected with a permanent establishment which the recipient of the royalties, in Sweden (Article 12 paragraph 3). Is this the case, the royalties are taxed according to § 28 subsection 1. third paragraph and paragraph 3 of the instructions to 53 § Municipal Tax Act (1928:370) compared to 2 and 3 § § Law (1947:576) on state income tax.

to species. 13

Gains derived by a natural or legal person resident in Yugoslavia acquired through the sale of property in Sweden, taxed here (Article 13 paragraph 1). Furthermore taxed in

Sweden profits by non-commercial disposal of movable property forming part of a permanent establishment which a resident of Yugoslavia have here (Article 13 paragraph 2). The same applies in respect of movable property forming part of a fixed base for the performance of professional services which the earner is in Sweden. Capital gains derived by a natural or legal person resident in Sweden, taxed here. According to Art. 13, paragraph 1, Yugoslavian tax levied on the capital gain, if the disposed property consists of property in Yugoslavia. The same applies under Art. 13 paragraph 2 in respect of movable property forming part of the permanent establishment earner has in Yugoslavia, or movable property forming part of a fixed base for the performance of professional services which the earner has in Yugoslavia. Swedish tax on the capital gain reduced under Article 22, paragraph 1, by the settlement of the Yugoslav tax in accordance with the provisions of Art. 13 applied the same profit. In the case of proceedings before the settlement refers to instruction point 2 to species. 22.

to species. 14

first what is meant by "professional" is exemplified in nature. 14 paragraph 3.

2nd Income from professional services or independent activities taxed as a rule only in the state where the taxpayer is a resident. , Activities for more than 183 days in the calendar year in question in the other State, the income may be taxed in that other State.

Where a resident of Sweden derives income of professional services or independent activities in Yugoslavia during a stay or stays where exceeding in the aggregate 183 days in the calendar year, the income may be taxed in Sweden but Yugoslavian tax on the same income is deducted from the Swedish tax under Art. 22, paragraph 1.

Concerning the procedure for the settlement refers to instruction point 2 to species. 22.

With regard to the taxation of income derived by athletes, actors, musicians, etc. see instructions species. 17.

to species. 15

Income of individual service gets under Art. 15 paragraph 1 of rule, be taxed in the State where the work is performed. Exceptions to this rule provided for in Art. 15 points 2 and 6, art. 16 and Art. 19.

With regard to the taxation of income derived by actors, musicians, etc. see instructions species. 17.

Salary paid by any of the States or a political subdivision or local authority taxation under Art. 15 paragraph 3 a) only in the State from which compensation is paid. Work has been performed in the other State by a resident of that State, be taxable compensation under Art. 15, paragraph 3 b) only in the State if the recipient is a national of that State or not a resident there only to perform the work. Salary, which is paid for work performed in connection with a business carried on by a Contracting State or a political subdivision or local authority shall be taxable as income of individual services (Article 15 paragraph 4).

to species. 16

When the Swedish company pays directors' fees to a resident in Yugoslavia taxable benefit in Sweden, if it can be done under current tax rules. Have such compensation received by a resident of Sweden by a company resident in Yugoslavia, the income may be taxed in Sweden but Yugoslavian tax on income is deducted from the Swedish tax under Art. 22, paragraph 1. Concerning the procedure for the settlement refers to instruction point 2 to species. 22.

to species. 17

Income, as theater, motion picture, radio or television artists, musicians, and similar professionals and athletes, through their professional activities, taxed generally in the state where the activity is exercised (Article 17, paragraph 1). This applies whether the income derived during the performance of professional or by reason of employment. According to Art. 17, paragraph 2, income is generally taxed in the State in which the artist or idrottsmannen perform the work, even if the remuneration paid to another person (eg, an employer with which the artist employed) than the entertainer or athlete himself. The provisions of Art. 17 paragraphs 1 and 2 shall not apply in the cases referred to in Art. 17-point third order case of Sweden, taken when applying Art. 17 paragraphs 1 and 2, the provisions of § 54 first paragraph c Municipal Tax Act (1928:370) and § 7 first paragraph b Act (1947:576) on state income tax.

to species. 18

Pension due to individual services and other similar remuneration shall be taxable as a rule only in income worker's state of residence (Article 18 paragraph 1).

Pensions paid out of a State, a political subdivision or a local authority shall be taxable under Art. 18 paragraph 2 of rule only in that State. If the recipient of a pension is a national of the other State and settled there, taxable pension such only in that State. Furthermore, pensions, paid for work performed in connection with a business carried on by a State, a political subdivision or a local authority only in the state where the earner's domicile (Article 18 paragraph 3).

Pension and other payments according to Swedish socialförsäkringslagstiftning to a resident in Yugoslavia may under Art. 18 paragraph 4 taxed here.

A resident of Sweden, who receive payment under Yugoslav social security legislation, taxation in Sweden for such payment but Yugoslavian tax on income is deducted from the Swedish tax on such income under Art. 22, paragraph 1.

Concerning the procedure for the settlement refers to instruction point 2 to species. 22.
to species. 22

1. Revenue from Sweden taxed here as far as Swedish tax regulations warrant it and the reduction of tax liability does not arise from other articles. The same applies in respect of capital asset situated in Sweden. If the income or capital may also be taxed in Yugoslavia, granted relief by the Yugoslav taxation under Art. 22 points 5 and 6.

2nd Income from Yugoslavia, which are derived by a resident of Sweden, goes for taxation in Sweden. Also included fortune asset, located in Yugoslavia, for taxation

for Swedish wealth tax. Swedish tax on income or capital will be reduced by offsetting under Art. 22 paragraphs 1 and 2, unless the case is present as indicated in the instructions section 3.

Swedish taxes are based on the revenue gross without deducting for Yugoslavian taxes covered by the Agreement. Deductions are allowed in regular order for costs related to income. From the thus calculated Swedish tax deducted under Art. 22, paragraph 1, an amount equal to the Yugoslav tax on that income. Regarding the size of the Yugoslav tax on dividends, please refer to the instructions point 2 to species. 10th Has Yugoslavian tax under the agreement levied on company profits that have been conducted in Yugoslavia, observed that the income computed under Art. 7. Have leniency granted in the case of Yugoslavian tax under Art. 7 may be paid on income which is acquired by a Swedish company through a permanent establishment or 'mixed farm in Yugoslavia, shall, on account of the provision in Art. 22 paragraph 3 of the Swedish tax on such income is deducted an amount equal to the Yugoslav tax which would have been, if such exemption or reduction had not been granted. The taxpayer should, in conjunction with their tax return for the tax year for which the income recognized for taxation, provide evidence or other documentation indicating the Yugoslav tax imposed on the income or that would have been imposed on the exemptions or reductions referred to in the preceding paragraph had not been allowed

Settlement of Yugoslavian income tax may be made in amounts of up sum of the Swedish taxes on that income. For the purposes of this rule, the income of Yugoslavia accruing large proportion of the entire state income tax income - after deductions for expenses - represent the taxpayer's total income of different acquisition sources. Municipal income tax is considered to be due on income from Yugoslavia to the proportion that the income - after deductions for expenses - represent the taxpayer's total income of different sources of income to be taxed in the same municipality as the revenue from Yugoslavia.

Settlement is made primarily from the state income tax. Not enough this is offset against the balance of the municipal income tax on that income.

The rateable Board shall record the declaration equivalent in Swedish kronor by the Yugoslav tax on such income, and specify that the settlement shall be effected by this tax amount, not exceeding the amount of the Swedish taxes on income. Length Operator authority responsible for the note about the settlement made in tax length. Example: A resident of Sweden derives income from real property in Yugoslavia with an amount of SEK 10 000. On the income considered to fall Yugoslavian tax in the amount of 1 500. Deductible expenses amounted to SEK 500. The taxpayer further assumed receive net proceeds from other sources of income in an amount of SEK 90 000 and in its tax assessment for state income tax benefit general deduction of SEK 10 000. The state income tax to taxable income thus becomes $(9\ 500 + 90\ 000 - 10\ 000 =)$ 89 500 SEK. The Declaration noted: "Deduction from income tax under the

agreement with Yugoslavia must be made SEK 1 500, but not exceeding the sum of the municipal income tax, which amounts to the 9500 crowns, and 9500 99 500 of the total state income tax. Settlement occurs in the first hand from the state income tax. " The instructions in this section if the settlement from Swedish income tax applies, mutatis mutandis, in respect of the settlement of the Yugoslav tax on wealth from Swedish wealth tax.

third Where a resident of Sweden derives income which under Art. 8 § 1, art. 13, paragraph 3, art. 15 points 3 a) and 5 or species. 18, paragraph 2 shall be taxable only in Yugoslavia, are recognized income for taxation in Sweden. State and local income tax will be calculated in the usual way. The thus calculated income taxes are reduced by an amount equal to the portion of income taxes as at a proration attributable to the income which under the Agreement shall be taxable only in Yugoslavia. The same applies in the case of assets which under Art. 21 paragraph 3 shall be taxable only in Yugoslavia.

For example, a Yugoslav national resident of Sweden receives a pension from the Yugoslav state by an amount after deducting the cost is equivalent to 10 050. The taxpayer is assumed collect in Sweden taxable net income and income from other sources of income with SEK 50 000 and enjoy general deductions and rebates with 4500 crowns respectively. 7500 SEK. The taxable income becomes state $(10\ 050 + 50\ 000 - 4\ 500 =) 55\ 500$ SEK and municipal $(10\ 050 + 50\ 000 - 4\ 500 - 7\ 500 =) 48\ 000$ crowns, then rounding occurred. Had the pension is not added, the taxable income have become state $(50\ 000 - 4\ 500 =) 45,500$ crowns and municipal $(50\ 000 - 4\ 500 - 7\ 500 =) 38\ 000$ SEK. The state and local income tax, calculated at 55 500, respectively. SEK 48 000, reduced by 55,500 to 45,500 respectively. 48000-38000
55 500 48, 000.

In the cases mentioned here, the taxeringsnämnd declaration note the basis for the calculation of income taxes, respectively. wealth tax. Length Operator authority responsible for the note about the settlement made in tax length.
to species. 23

Of species. 23, paragraph 2, it follows that companies in Yugoslavia can not be imposed on capital in Sweden. This provision constitutes an exception to the rule in § 6 subsection 1. first paragraph c Act (1947:577) on state property tax.