

Act (1983:898) on the double taxation treaty between Sweden and the United Kingdom

SFS : 1983:898 **Ministry / Authority** : Ministry of Finance S3 **Issued** : 1983-11-17 **Modified** SFS 2011:1315 **Other text** : Only the Swedish text is included in the Annex. **Amendment Record** : [SFSR \(Lagrummet\)](#) **Source** : Cabinet Office / Lagrummet

Contents

- [Transitional provisions](#)

1 § The agreement to avoid double taxation and prevent fiscal evasion with respect to taxes on income and capital gains that Sweden and the United Kingdom signed the August 30, 1983 shall be valid for Sweden. Content of the agreement set out in Annex to this Act.

2 § Agreement taxation rules apply only to the extent that it involves reduction 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 24 paragraph 1 of the Agreement. Such application shall be filed with the government.

4 § Repealed by *Act (2011:1315)* .

Transitional provisions

1983:898

This Act comes into force on the day the Government. In this connection, the Government shall decide the date from which the Act shall apply to income and capital gains that are covered by the law and by what time older rules still apply.

Annex

Agreement between the Government of Sweden and The United Kingdom of Great Britain and Northern Ireland to avoid double taxation and prevent fiscal evasion with respect to taxes on income and capital gain

Government of Sweden and the United Kingdom of Great Britain and Northern Ireland, desiring to conclude a new agreement to avoid double taxation and prevent fiscal evasion with respect to taxes on income and capital gains, 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 of both Contracting States.

ARTICLE 2

Taxes covered by the Agreement

1. The taxes referred to in this agreement are:

a) Concerning The United Kingdom of Great Britain and Northern Ireland:

- 1) income tax;
 - 2) the corporation tax;
 - 3) the capital gains tax;
 - 4) the capital gains tax oil extraction; and
 - 5) tax on the appreciation of land;
- (Tax of the kind referred to hereinafter as "United Kingdom tax").

b) The case of Sweden:

- 1) the state income tax, sailor tax and coupon tax;
- 2) compensation tax;
- 3) distribution tax;
- 4) tax on public entertainers;
- 5) the tax;

(Tax of the kind referred to hereinafter as "Swedish tax").

second This Agreement shall also apply to any identical or substantially similar taxes that are either avtalssutände state after signing the agreement charge in addition to or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any substantial changes made in their respective taxation laws.

ARTICLE 3

General Definitions

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

a) "The United Kingdom" means Great Britain and Northern Ireland, including outside the United Kingdom of the territorial waters of which, in conformity with international law, according to the United Kingdom of legislation relating to continental talsockeln designated or later will be designated as an area within which it Before Spirit Kingdom may exercise rights with respect to the seabed and subsoil and their natural resources;

b) the term "Sweden" means the Kingdom of Sweden and includes outside Swedish territorial waters in which Sweden under Swedish law and in conformity with international law to exercise its rights with respect to the exploitation and exploration of natural resources in the seabed or subsoil;

c) "national" means:

1) For the United Kingdom, the natural person who according to the United Kingdom of legislation have the status of citizens of the United Kingdom, provided that the person concerned has the right to reside in the United Kingdom, as well as legal persons, partnerships and associations deriving under current British law;

2) The case of Sweden, the natural person who is a Swedish citizen and legal person or association, incorporated under the applicable Swedish law;

d) "tax" means United Kingdom tax or Swedish tax, as the context requires;

e) the terms "a Contracting State" and "the other Contracting State" mean Sweden or the United Kingdom as the context requires;

f) the term "person" includes an individual, corporation or other entity;

g) the term "company" means any body corporate or any entity which is treated as a legal person;

h) 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;

i) 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 ship or aircraft is operated solely between places in the other Contracting State;

j) The term "political subdivision" includes, in relation to the United Kingdom, Northern Ireland;

k) the term "competent authority" means in relation to the United Kingdom "the Commissioners of Inland Revenue" or their authorized representatives and for Sweden Minister of Finance 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

Resident

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 Contracting 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 of this Article 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 a resident of the State with which his personal and economic relations are closer (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 home, 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 of this Article a person other than an individual is 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 utelslutande for 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) - e) provided that all the activities of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

5th If the person who is not an independent status to whom paragraph 6 of this Article shall apply, works 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 of this article - 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 of this Article, and which - if exercised through a fixed place of business - would not make this fixed place of business a permanent establishment under the provisions in 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, provided that 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 laws of the state where the property in question is situated. 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 of this Article shall apply to income derived from the direct use, letting, or other use of real property.

4th The provisions of paragraphs 1 and 3 of this Article 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

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 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 of this Article to the contrary, in each Contracting State to that permanent establishment the profits which it can 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 Profits shall be attributed to a permanent establishment by reason of the goods purchase by that permanent establishment or merchandise for the enterprise.

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

Sea and air transport

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

2nd If company, engaged in shipping of effective management on board a ship, be deemed to be situated in the Contracting State in which the ship has its home port or, if no such home harbor, in the Contracting State in which the ship is a resident.

third Where income in accordance with paragraph 1 of this Article is acquired by a company through participation in a pool, a joint business or an international operating agency, the income attributable to the company shall be taxable only in the Contracting State in which the place of effective management . For the purposes of this paragraph, the expression "a pool, a joint business or an international operating agency" shall not include a person as defined in Article 3 of this Agreement.

4th The provisions of paragraphs 1 and 3 of this Article shall apply to profits derived by the Danish, Norwegian and Swedish 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).

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 income, deductions, receipts or expenditures, but for those conditions, have accrued to one of the company but, by reason of those conditions, have not so accrued, may be included in this company's income or loss and taxed accordingly.

2nd Where profits on which an enterprise of a Contracting State may be taxed in that State, also included in the profits of an enterprise of the other Contracting State and taxed accordingly in that other State, and what thus been included include income, deductions, receipts and expenditure that would have been assigned to the company in that other State if the conditions made between the enterprises had been those which would be made between independent enterprises, the competent authorities of the

Contracting States shall consult each other in order to reach agreement on the adjustment of gain and loss of both Contracting States.

ARTICLE 10

Dividends

1. Dividends derived by a resident of the United Kingdom receives from companies resident in Sweden for tax purposes only in the United Kingdom if the beneficial owner of the dividends is a resident of the United Kingdom and is a company that directly or indirectly at least 10 per cent of the votes for the shares of the distributing company. In other cases, dividends derived by a resident of the United Kingdom receives from companies resident in Sweden for tax purposes even in Sweden according to Swedish law, but if the beneficial owner of the dividends is a resident of the United Kingdom of the tax may not exceed 5 percent.

2nd Dividends derived by a resident of Sweden derives from a company resident in the United Kingdom shall be taxable only in Sweden if the beneficial owner of the dividends is a resident of Sweden and is a company that directly or indirectly at least 10 percent of the voting stock of the distributing Company. In other cases, dividends derived by a resident of Sweden derives from the company of the United Kingdom also be taxed in the United Kingdom under its laws, but if the beneficial owner of the dividends is a resident of Sweden, the tax may not exceed 5 percent.

third As long as the natural person resident in the United Kingdom is entitled to a tax credit in respect of dividends from a company resident in the United Kingdom comes, however, the following provisions of this paragraph in lieu of the provisions of paragraph 2 of this Article:

a) 1) Dividends derived by a resident of Sweden derives from a company resident in the United Kingdom may be taxed in Sweden.

2) Where a resident of Sweden is entitled to a tax credit in respect of such dividends under paragraph b) of this paragraph tax may also be in the United Kingdom under its legislation on the aggregate of the amount or value of that dividend and the tax credit at a rate not exceeding 15 percent.

3) Where a resident of Sweden is entitled to a tax credit in respect of such dividends under paragraph c) of this paragraph tax may also be in the United Kingdom under its legislation on the aggregate of the amount or value of that dividend and the tax credit at a rate not to exceed 5 percent.

4) In cases other than those specified in paragraph a) 2) and paragraph a) 3) of this paragraph, dividends derived by a resident in Sweden are entitled to and receives from a company resident in the United Kingdom, exempt from any tax levied in the United Kingdom on dividends.

b) If the provisions of paragraph c) of this paragraph to the contrary, is a resident of Sweden, receiving dividends from a company resident in the United Kingdom and that the dividends, eligible for the tax credit in respect of dividends that physical

resident in the United Kingdom would have been entitled had he received that dividend, and to the payment of any amount by which the tax credit exceeds the tax which he is liable to pay in the United Kingdom.

c) The provisions of paragraph b) of this paragraph shall not apply if the beneficial owner of the dividends is, or has interests in common with, a company which by itself or together with one or more other companies with common interests, directly or indirectly at least 10 percent of the voting power in the distributing company. In such cases, companies resident in Sweden, which receives dividends from a company resident in the United Kingdom and that the dividends, entitled to a tax credit equal to half of the tax credit an individual domiciled in the United Kingdom would have been entitled to he received that dividend, and to the payment of any amount by which the tax credit exceeds the amount of tax the company is required to pay in the United Kingdom. For the purposes of this paragraph two companies have associated if one is controlled directly or indirectly by the other or both are controlled directly or indirectly by a third company. A company is deemed to be controlled by another company if that company controls more than 50 percent of the votes of the shares of the first company.

4th The term "dividends" as used in this Article means income from shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights in a company, which, according to Tax legislation of the Contracting State in which the distributing company is resident equated with capital shares. The term also includes any other amount under the law of the Contracting State in which the distributing company is resident, is treated in the same way as dividends from companies.

5th The provisions of paragraphs 1, 2 and 3 of this Article shall not apply if the beneficial owner of the dividends is a resident of a Contracting State and bediever business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or exercising independent professional activity in that other State through a 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 arktiel 14.

6. In cases where the company paying the dividends is a resident of the United Kingdom and the beneficial owner of the dividends is a resident of Sweden and owns 10 percent or more of the class of shares in respect of which the dividend is paid, does not apply to paragraphs 2 and 3 of this Article on the dividend to the extent that this may have been paid only out of profits of the distributing company has acquired or has other income, which the company has received, for a period ending twelve months or earlier before the relevant date. The expression "the relevant date" means the application of this paragraph the time when the person entitled to the dividend became the owner of 10 percent or more of the relevant class of shares. This paragraph does

not apply if the shares were acquired for bona fide affäsmässiga reasons and not primarily in order to obtain the benefit of this Article.

7. 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 because of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other State, nor tax the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of income derived from that other State.

ARTICLE 11

Interest

1. Interest arising in a Contracting State and derived by the beneficial owner and 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 any kind of claim, whether secured by mortgage on immovable property 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, but does not include income dealt with in Article 10. Penalty charges for late payment is not considered as interest for the purposes of this article.

third The provisions of paragraph 1 of this Article 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 from where fixed base situated therein, and the debt for 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 In respect of cases where a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of interest, for whatever reason, exceeds the amount which would have been agreed upon by the payer and the beneficial owner of such relations 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.

5th Provision of either Contracting State, which only refers to interest paid to a company not resident in that State shall not apply to such interest paid to a resident of the other Contracting State shall be treated as a dividend from the company paying the interest . This betämmelse does not apply to interest paid to a company of a Contracting State in which more than 50 percent of the voting rights directly or

indirectly controlled by the person or persons who are residents of the other Contracting State.

ARTICLE 12

Royalty

1. Royalties derived by which the royalties and who is a resident of a Contracting State shall be taxable only in that State.

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 radio or television 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 erfarnhetsrön industrial, commercial or scientific experience.

third The provisions of paragraph 1 of this Article shall not apply if the beneficial owner of the royalties is a resident of a Contracting State, carries on business through a permanent establishment in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, or performs independent personal services in that other State independent personal services from a 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, for whatever reason, exceeds the amount which would have been agreed upon by the payer and the beneficial owner of the royalties, if such relations 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

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 may be taxed in that other State.

2nd Gains derived by an individual domiciled in a Contracting State from the alienation of shares in a company resident in the other Contracting State may be taxed in that other avtalslutande state, but only if the individual is a national of the other Contracting State without to also be nationals of the first Contracting State and has been a resident of the other Contracting State at any time within a period of seven

years immediately before the share transfer. The provisions of this paragraph shall also apply to profits from the alienation of other rights in such company as the capital gains tax under the law of that other Contracting State the same treatment as gain from the disposition of shares.

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

4th Gains from the alienation of ships or aircraft operated in international traffic or 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. The provisions of this paragraph apply to gains derived by the Swedish, Danish and Norwegian air transport consortium Scandinavian Airlines System (SAS) with only such part of the profits as corresponds to the participation held in that consortium by AB Aero Transport (ABA), the Swedish partner Scandinavian Airlines System (SAS).

5th Gains from the alienation of ships or aircraft used for the transport of supplies or personnel to the location where the activities related to the exploration or exploitation of the seabed and subsoil and their natural resources are conducted in a Contracting State or the alienation of tugs or special vessels assists while anchored in connection with such activities shall be taxable only in the Contracting State in which the place of effective management is situated.

6. Gains derived by a resident of a Contracting State from the alienation of rights to assets to be produced by the exploration or exploitation of the seabed and subsoil and their natural resources situated in the other Contracting State, the right to participate in or benefit from such assets including, or the alienation of shares which receive their value or the greater part of their value directly or indirectly from such right, may, notwithstanding the preceding provisions of this Article, may be taxed in that other Contracting State.

7. Gains from the alienation of any property other than that referred to in paragraphs 1 to 6 of this Article shall be taxable only in the Contracting State of which the alienator is a resident.

ARTICLE 14

Independent personal

1. Income derived by an individual domiciled in a Contracting State from the performance of professional services or other independent activities may be taxed in that State. Such income may also be taxed in the other Contracting State if:

- a) the person resides in that other State for a period or periods exceeding in the aggregate 183 days in any tolvmandadersperiod, but only so much of them as is attributable to the business in this State, or
- b) the person has a fixed base situated in that other State who are regularly available to him in order to practice, but only so much of them as is attributable to the 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.

ARTICLE 15

Individual business

1. Subject to the provisions of Articles 16, 18, 19 and 20, 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 of this Article, 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 the other State for a period or periods exceeding in the aggregate 183 days in any twelve month period, and
- b) the remuneration is paid by, or on behalf of an employer 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 employer has in the other State.

third 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 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 director 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 accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of artiklaran 7, 14 and 15, be taxed in the Contracting State of which the entertainer or athlete exercised.

ARTICLE 18

Pensions and annuities

1. Subject to the provisions of paragraph 3 of this Article or in Article 19 paragraph 2, salaries, pensions and other similar remuneration in consideration of past employment paid to a resident of a Contracting State and annuity taxed in the Contracting State in which they derived. At the taxation of such pension, allowance or annuity shall be that State a deduction of one-fifth of its amount.

2nd Subject to the provisions of paragraph 3 of this Article or in Article 19 paragraph 2, salaries, payments made under the social security legislation of a Contracting State may be taxed in that State.

third Pensions and other similar remuneration paid in consideration of past employment, annuities and payments under social insurance law of a Contracting State paid to a resident of the other Contracting State shall be taxable only in that other State if the beneficial owner is a nationals of that other State.

4th The term "annuity" means a stated sum payable periodically at stated times during life or during a specified or ascertainable period of time based on the basic obligation to make the payments in return for adequate and full consideration in money or money

.

ARTICLE 19

Government service

1. a) Remuneration (other than a pension) paid by a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or political subdivision or 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 other 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 political subdivision or a local authority thereof to an individual in respect of services rendered to that State or political subdivision or local authority shall be taxable only in that State.
- b) However, such pension shall be taxable only in the other Contracting State if the 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 business carried on by a Contracting State or a political subdivision or local authority.

ARTICLE 20

Students

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

ARTICLE 21

Other income

1. Income, except for payment from fund ("trust"), as a resident of a Contracting State which are not expressly mentioned 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 of this Article 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

Avoidance of double taxation

1. In accordance with the United Kingdom of legislation regarding deduction from tax

in the United Kingdom of tax paid in the other country (which shall not affect the general principle hereof), the following applies:

a) the Swedish tax payable under Swedish law and in accordance with this Agreement are paid, either directly or by deduction, on income or chargeable gains from sources in Sweden (except in the case of dividends, the tax on the profits out of which dividends are paid) credit against any tax in the United Kingdom, which amounts to the same income or taxable capital gain for which the Swedish tax calculated.

b) Where such income is a dividend paid by a company resident in Sweden to a company resident in the United Kingdom, which directly or indirectly at least a tenth of the voting stock of the former company, included at settlement (in addition to any Swedish tax on dividend) the Swedish tax to the former company must pay on their income.

2nd a) Where a resident of Sweden derives income or taxable capital gain, which under the laws of the United Kingdom and in accordance with the provisions of this Agreement may be taxed in the United Kingdom, Sweden shall - unless otherwise prompted by the limitations of the internal Swedish legislation (even as issued in the future can get by altered without changing the general principle hereof) - from tax on income or chargeable gains, an amount equal to the tax paid in the United Kingdom for income or chargeable gains .

b) Where a resident of Sweden derives income or taxable capital gain is taxed only in the United Kingdom under Article 8, Article 13, paragraph 4 and Items Quality 19 paragraph 1 or paragraph 2, Sweden from the Swedish tax deductibility of the portion of the Swedish tax that is attributable to the income or taxable capital gain derived from the United Kingdom.

third Notwithstanding the provisions of paragraph 2 of this Article, dividends from a company resident in the United Kingdom to a company resident in Sweden are exempt from tax in Sweden, provided that the dividend according to Swedish law would have been exempted from taxation if both companies had been resident in Sweden.

4th In the application of the preceding provisions of this Article, income or capital gains that accrue to a person domiciled in a Contracting State which may be taxed in the other Contracting State in accordance with this Agreement shall be deemed to arise from sources in that other Contracting State.

ARTICLE 23

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.

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.

third The provisions of this Article shall be construed as obliging either Contracting State to grant to individuals not resident in that State any personal allowances, or such exemptions or reductions are granted to individuals so resident.

4th Except where the provisions of Article 9, paragraph 1, Article 11, paragraphs 4 and 5 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 of the taxable profits of such enterprise 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.

5th 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 to any taxation or any requirement connected therewith which is of other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned State are or may be subjected.

6. The provisions of this Article shall apply to taxes of every kind and description.

ARTICLE 24

Mutual Agreement Procedure

1. If a person claims that a Contracting State or both states adopted measures, which for him involves or will result with this Convention 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.

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.

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 in order to consider measures to discourage improper use of the provisions of the 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.

ARTICLE 25

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. Information 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) which determines, or collection of the taxes covered of this 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 judicial decisions.

2nd The provisions of paragraph 1 of this Article shall be construed as obliging a Contracting State:

- 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 allänna policy (ordre public).

ARTICLE 26

Diplomatic agents and consular officers

Nothing in this Agreement shall affect the privileges in taxation terms, which according to international law or under the provisions of special agreements diplomatic agents or consular officers.

ARTICLE 27

Other provisions

1. Where under any provision of this Agreement Swedish taxation of income or taxable capital gain alleviated and a natural person under the laws of the United Kingdom are taxed on such income or taxable capital gain to the extent remitted to or received in the United Kingdom and not for the entire its amount, the tax relief under this agreement are allowed in Sweden to apply only to the portion of income or chargeable gains as remitted to or received in the United Kingdom.

2nd In cases where the provisions of this Agreement by a resident of the United Kingdom is exempt from or entitled to a reduced Swedish tax, the relevant exemption or reduction applicable to undistributed estate, to the extent one or more of the co-

owners are domiciled in the United Kingdom .

3rd Swedish tax, levied on undistributed estate, set in accordance with the provisions of Items Quality 22 in so far as income to the estate of a partner resident in the United Kingdom.

4th Subject to the provisions of paragraph 6 of this Article to the contrary, the natural person resident in Sweden for tax purposes in the United Kingdom is entitled to the same personal allowances, reliefs and exemptions as a British subject, who is not domiciled in the United Kingdom.

5th Subject to the provisions of paragraph 6 of this Article to the contrary, the natural person resident in the United Kingdom at the Swedish taxation is entitled to the same personal allowances, reliefs and exemptions as Swedish citizens, who are not resident in Sweden.

6. The provisions of this Agreement are not eligible individual who is a resident of a Contracting State and whose income from the other Contracting State consists solely of dividends, interest or royalties (or solely by a combination of these types of income), that the taxation in that other State obtain any personal allowances or such tax reductions and exemptions specified in this article.

ARTICLE 28

Provisions applicable to certain offshore activities

1. Notwithstanding the other provisions of this Agreement, the provisions of this Article in activity (in this Article referred to as "relevant activities") conducted off the coast in connection with the exploration or exploitation of the seabed and subsoil and their natural resources situated in a Contracting State.

2nd Enterprises of a Contracting State which have relevant activities in the other Contracting State shall be - unless bestämmlera in paragraphs 3 and 5 of this Article to the contrary - carry on business in that other Contracting State through a permanent establishment situated therein.

third Relevant activities of an enterprise of a Contracting State carries on in the other Contracting State for a period or periods not exceeding 30 days within any twelve-month period does not mean that articulation is undertaken through a permanent establishment. For the purposes of this paragraph, the following applies.

a) In cases where an enterprise of a Contracting State which have relevant activities in the other Contracting State is associated with another company, engaged in substantially similar activities, are considered the first company is conducting any activity carried on by that undertaking. This does not apply to the extent that those activities are conducted during the same time as the former company's own operations.

b) A company is considered to be associated with another, if one company directly or indirectly in the management or supervision of the other company or own part of this company's capital or if the same persons participate directly or indirectly in the

management or supervision of both companies or owns part of their capital.
4th A resident of a Contracting State who carries on relevant business in the other Contracting State, which consist of professional services or other independent activities deemed operate from a fixed base situated in that other Contracting State. Income derived by a resident of a Contracting State from the operation of such business in the other Contracting State shall be taxable but not in the other Contracting State if the activity that takes place during a period or periods not exceeding 30 days during a period of twelve months.

5th Profits of an enterprise of a Contracting State from the transport of supplies or personnel by ships or aircraft to the location where the relevant operations or by operation of tugs or special vessels assists while anchored in connection with such activities, shall be taxable only in the Contracting State in which company has its place of effective management.

6. a) Unless paragraph b) of this paragraph, salaries, receive wages and similar remuneration derived by a resident of a Contracting State in respect of an employment connected with the relevant activities in the other Contracting State, to the extent the work is performed off the coast of the other Contracting State may be taxed in that other Contracting State.

b) Salaries, wages and similar remuneration derived by a resident of a Contracting State in respect of an employment exercised aboard a ship or aircraft carrying supplies or personnel to the location where the relevant activities are conducted in a Contracting State or by reason of an employment exercised aboard on the tug or particular ship, assisting in the anchoring in connection with such activities may be taxed in the Contracting State in which the place of effective management is situated.

ARTICLE 29

Entry into force

1. The Contracting States shall notify each other of the measures taken by its law required that this Agreement shall enter into force.

2nd The Agreement shall enter into force on the date of the later of these notifications and shall thereupon, unless the provisions of paragraph 3 of this Article to the contrary:

a) In the United Kingdom:

1) with respect to taxes on income and capital gains, payable during tax year beginning on or after 6 April,

2) in respect of corporation tax, for taxable years beginning on or after 1 April,

3) in respect of taxes on capital appreciation of land value appreciation realized on 1 April or later, and

4) on the capital gains tax oil proceeds, for the taxable period beginning on or after 1 January;

b) in Sweden regarding income or capital gains derived on or after 1 January;

in both cases in the calendar year following adoption of the later of these notifications received.

third However, Article 18 does not apply in Sweden apply to income derived before 1 January 1985 and does not apply in the United Kingdom with respect to taxes on income before 6 April 1985.

4th Subject to the provisions of paragraph 5 of this Article to the contrary, the following agreements between the United Kingdom and the Kingdom of Sweden repealed with effect from the date this Agreement becomes effective with respect to taxes, income or capital gain on which this Convention applies under paragraphs 2 and 3 of this Article:

a) Agreement between the United Kingdom of Great Britain and Northern Ireland and the Government of Sweden for the Avoidance of Double Taxation and the Prevention of skattelflykt regarding income signed in London July 28, 1960, as amended and the agreement obtained by Protocol signed in London March 25, 1966, the 27 June 1968 and 27 September 1973 in Stockholm, June 6, 1979;

b) Agreement 19 December 1924 concerning mutual CLEARING from income tax in certain cases, income derived from shipping operations;

c) Agreement 6 July 1931 concerning the mutual CLEARING from taxes in some cases of revenue, arising through agencies.

5th This Agreement does not affect existing agreements, expanding an earlier agreement between the Contracting States to territories for whose foreign relations either State responds.

ARTICLE 30

Termination

1. This Agreement shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Convention terminate this Agreement by giving notice of termination at least six months before the end of any calendar year after 1988. In such event this Agreement shall cease to have effect:

a) In the United Kingdom:

1) With respect to taxes on income and capital gains that are applied during the tax year commencing 6 April in the calendar year that occurs immediately after the dismissal or higher;

2) for corporation tax and petroleum revenue tax mark applied for taxable years beginning on 1 April of the calendar year in which occurs immediately after the dismissal or higher;

3) on the capital gains tax oil extraction, for tax periods beginning on 1 January in the calendar year that occurs immediately after the dismissal or later.

b) In Sweden, on income taxed for the calendar year in which occurs immediately after the dismissal took place and the following year.

2nd Termination of this Agreement does not mean that other agreement or other

agreement has lapsed because of this or agreements previously concluded between the Contracting States, again to become effective.

IN WITNESS WHEREOF the undersigned, being duly authorized by their respective Governments, have signed this Agreement.

Done at Stockholm, August 30, 1983, in duplicate in the Swedish and English languages, both texts being equally authentic.

For the Government of Sweden:

Lennart Bodstrom

For the United Kingdom of Great Britain and Northern Ireland:

Sir Donald Murray