

## **1978 Income and Capital Tax Convention (English Translation)**

**Signed date:** May 31, 1978

**In force date:** December 28, 1979

**Effective date:** Income subject to withholding tax, from January 1, 1980; other provisions, from January 1, 1979. See Article 28.

**Status:** In Force

### **CONVENTION BETWEEN THE KINGDOM OF NORWAY AND THE REPUBLIC OF TUNISIA FOR THE AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL**

[TRANSLATION]

The Kingdom of Norway and the Government of the Republic of Tunisia, desiring to conclude a Convention for the avoidance of double taxation with respect to taxes on income and capital, Have agreed as follows:

Chapter I. Scope of the Convention

#### **Article 1 Personal Scope**

This Convention shall apply to persons who are residents of one or both of the Contracting States.

#### **Article 2 Taxes Covered**

1. This Convention shall apply to taxes on income and on capital imposed on behalf of a Contracting State, a political subdivision or a local authority thereof, irrespective of the manner in which they are levied.
2. There shall be regarded as taxes on income and capital all taxes imposed on total income, on total capital, or on elements of income or capital, including taxes on gains from the alienation of movable or immovable property, taxes on total salaries as well as taxes on capital appreciation.
3. The existing taxes to which the Convention shall apply are:
  - a) With regard to the Kingdom of Norway:
    - L'Impôt d'Etat et l'Impôt Communal sur le revenu et la fortune (State and Local Tax on income and capital).
    - L'Impôt Spécial d'Etat au titre de l'aide aux pays en voie de développement (national tax in aid of developing countries).
    - L'Impôt sur les rémunérations des artistes non résidents (Tax on payments to non resident entertainers).
    - L'Impôt sur les salaires des gens de mer (Seamen's tax). (hereinafter referred to as the "Norwegian tax");
  - b) With regard to Tunisia:
    - L'Impôt de la Patente (Tax on business licenses).
    - L'Impôt sur les Bénéfices des Professions non Commerciales (Tax on profits from non-commercial professions).
    - L'Impôt sur les Traitements et Salaires (Tax on wages and salaries).
    - L'Impôt Agricole (Agriculture tax).
    - L'Impôt sur le Revenu des Valeurs Mobilières (Tax on income from securities).
    - L'Impôt sur le revenu des créances, dépôts, cautionnements et comptes courants (I.R.C.) (Tax on income from debt-claims, deposits, guarantees and current accounts).
    - La Contribution Personnelle d'Etat (Personal income tax). (referred to hereinafter as the "Tunisian tax").
4. The Convention shall apply also to any identical or similar future taxes which are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall inform each other of any changes made in their respective tax laws.

Chapter II. Definitions

#### **Article 3 General Definitions**

1. For the purposes of this Convention, unless the context otherwise requires:
  - a) The term "Norway" used in a geographical sense means the Kingdom of Norway, as well as the territory adjacent to the territorial waters of Norway in which Norway may, under its domestic laws and in accordance with international law, exercise its sovereign rights over the sea bed, the marine

substratum as well as the natural resources thereof; this term does not include Svalbard (Spitzeberg), Jan Mayen island or the Norwegian possessions situated outside Europe;

b) The term "Tunisia" used in a geographical sense means the territory of the Republic of Tunisia, and the areas adjacent to the territorial waters of Tunisia, over which, in accordance with international law, Tunisia may exercise rights to the sea bed, the marine substratum and the natural resources therein;

c) the terms "a Contracting State" and "the other Contracting State" mean the Kingdom of Norway or the country of Tunisia, depending on the context;

d) the term "person" includes an individual, a company and any other body of persons;

e) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;

f) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;

g) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise whose effective place of management is situated in a Contracting State, except where the ship or aircraft is operated solely between places situated in the other Contracting State.

h) the term "competent authority" means:

1) In Norway, the Minister of Finance and Customs or an authorized representative;

2) In Tunisia, the Minister of Finance or an authorized representative;

2. As regards the application of the Convention by a Contracting State any term not defined therein shall, unless the context otherwise requires, 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 criterion of a similar nature.

2. Where by reason of the provisions of paragraph 1, an individual is a resident of both Contracting States, then the question shall be settled according to the following rules:

a) Such person 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 to him 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 (centre of vital interests);

b) If the Contracting State in which such person has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;

c) If such person has an habitual abode in both Contracting States or in neither of them, he shall be deemed to be a resident of the Contracting State of which he is a national;

d) If such person is a national of both Contracting States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1, 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 is situated.

#### **Article 5 Permanent Establishment**

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

2. The term "permanent establishment" includes especially:

a) A place of management.

b) A branch.

c) An office.

d) A sales outlet.

e) A factory.

f) A workshop.

g) A mine, a quarry or any other place of extraction of natural resources.

h) A building site or temporary installation operation, or supervisory activities performed therein, where such building site, such operation or such activities last longer than six months, or where such building site, such temporary installation operation or supervisory activities subsequent to the

purchase of machines or equipment last less than six months and the installation or supervision costs exceed 10% of the price of such machines or equipment.

3. However, the term "permanent establishment" shall be deemed not to include:

- a) The use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
- b) The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
- c) The maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
- d) The maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or collecting information for the enterprise;
- e) The use of a fixed place of business solely for the purpose of advertising, providing information, performing scientific research or carrying on, for the enterprise, any other activity of a preparatory or auxiliary character.

4. A person who is acting in a Contracting State on behalf of an enterprise of the other Contracting State (other than an agent of an independent status referred to in paragraph 6 hereinafter) shall be deemed a "permanent establishment" in the first-mentioned State if he has and habitually exercises in that State the authority to negotiate and conclude contracts in the name of the enterprise or on behalf of the enterprise.

5. An insurance enterprise of a Contracting State shall be deemed to have a "permanent establishment" in the other State if it collects premiums in the territory of that other State or insures risks situated therein through an employee or a representative not included in the category of persons referred to in paragraph 6 hereinafter.

6. An enterprise of a Contracting State shall not be deemed to have a "permanent establishment" in the other Contracting State merely because it carries on business in that State through a broker, general commission agent or any other intermediary of an independent status, provided that such persons are acting in the ordinary course of their business.

7. Where an enterprise of a Contracting State carries on in the territory of the other State several businesses, some of which are included in the scope of "permanent establishment" while other are excluded, such businesses, even if they are run from different places in that State, shall be regarded as one and the same "permanent establishment".

8. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other State (whether through a "permanent establishment" or otherwise), shall not of itself constitute either company a "permanent establishment" of the other.

Chapter III. Taxation of Income

### **Article 6 Income From Immovable Property**

1. Income from immovable property, including income from agriculture and forestry, shall be taxable in the State in which such property is situated.

2. The term "immovable property" shall have the meaning attributed to it by the laws of the Contracting State in which the property in question is situated. The term shall in any case include property 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 underground resources; ships, boats and aircraft shall not be regarded as immovable property.

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

4. The provisions of paragraphs 1 and 3 shall also apply to income from immovable property used in the performance of independent personal services.

### **Article 7 Business Profits**

1. The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.

2. Where an enterprise of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make 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.

3. In determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including the actual executive expenses and the general administrative expenses so incurred, either in the State in which such permanent establishment is situated, or elsewhere.

No deduction shall be allowed in respect of amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents or other rights, or by way of commissions for specific services performed or for management, or, except in the case of a banking enterprise, by way of interest on moneys lent to the permanent establishment.

4. Likewise, no account shall be taken, in determining the profits of a permanent establishment among the costs of the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the operating licenses, patents or other rights, or by way of commissions (otherwise than towards reimbursement of actual expenses) for services performed or for management, or, except in the case of a banking institution, by way of interest on moneys lent to the head office of the enterprise or to any of its other offices.

5. Insofar as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this Article.

6. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be calculated using the same method year by year unless there is good and sufficient reason to the contrary.

7. Notwithstanding the provisions of the first paragraph of this Article, profits earned by an enterprise of a Contracting State and arising from rents from movable and immovable property including rental for the use of cinematograph films for commercial purposes, from royalties, fees for technical services, from interest, dividends, capital gains from director's fees for managing the business of an enterprise, or from any remuneration or fees arising in the other State may be taxed in that latter State even in the absence of a permanent establishment in said State, where any other provision of the Convention grants the right thereof to tax said State and under the conditions set forth by that other provision.

8. The holdings of a partner in the profits of an enterprise created as a "de facto company" or a "partnership" may be taxed only in the State in which said enterprise has a permanent establishment.

### **Article 8 Shipping and Air Transport**

1. Profits arising 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 of the enterprise is situated.

2. If the place of effective management of a shipping enterprise is aboard a ship or a boat, then it shall be deemed to be situated in the Contracting State in which the home harbour of the ship or boat is situated, or, if there is no such home harbour, in the Contracting State of which the operator of the ship or boat is a resident.

3. The provisions of paragraphs 1 and 2 shall also apply to the profits derived by the Norwegian, Danish and Swedish air transportation group, the Scandinavian Airlines System (SAS), only in proportion to the profits attributed to the Norwegian partner in said group, Det Norske Luftfartsselskap A/S.

4. The provisions of paragraphs 1 shall also apply to profits derived from participation in a pool, a joint business or an international operating agency as regards that portion derived by the Norwegian participant.

### **Article 9 Associated Enterprises**

1. 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

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, and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations

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 the profits of that enterprise and taxed accordingly.

2. Where a Contracting State includes in the profits of an enterprise of that State - and taxes accordingly - profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of the Convention pertaining to the nature of the income and to such effect, the competent authorities of the Contracting States shall, if necessary, consult each other.

### **Article 10 Dividends**

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

2. However, such dividends may be taxed in the Contracting State of which the company paying the dividends is a resident and if the laws of that State so require, but the tax so charged may not exceed 20 percent of the gross amount of said dividends.

2. The term "dividends" as used in this article means income from shares, from *jouissance* shares, founder's shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation treatment as income from shares by the laws of the State of which the company making the distribution is a resident.

3. Where a company which is a resident of one of the Contracting States is subjected therein to payment of a tax on dividends, and where such company owns one or more permanent establishments in the territory of the other Contracting State for which it is also subjected in that latter State to payment of the same tax, the income on which said taxes are assessed shall be distributed between the two States in order to avoid double taxation.

4. The apportionment of the tax shall be based on the following ratio for each fiscal year:

A/B for the State in which the company does not have its residence

(B - A)/B for the State in which the company has its residence

The letter A refers to the amount of compatible income obtained by the Company from all the offices it owns in the State in which it does not have its residence, with the profits and losses of such offices being completely netted out. This reported taxable income agrees with that which is deemed to have been earned in said offices under the provisions of Articles 7 and 9 of this Convention; the letter B represents the Company's total reported taxable income as shown on its general balance sheet.

In determining the total reported taxable income, any losses posted for the permanent establishments of the Company in a given State shall be disregarded.

Should the reported taxable income for a fiscal period be break-even or a loss, the apportionment shall be made based on previously established criteria.

5. In the absence of previously established criteria, the apportionment shall be made based on a portion to be established by mutual agreement between the competent authorities of the Contracting States concerned.

### **Article 11 Interest**

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State if such resident is the beneficial owner thereof.

2. However, such interest may also be taxed in the Contracting State in which it arises, according to the laws of that State, but the tax so charged may not exceed twelve percent of the gross amount of the interest.

3. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage, and whether or not carrying the right to participate in the debtor's profits, and, in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of

which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case, the provisions of Article 7 or Article 14, as the case may be, shall apply.

5. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

6. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable under the laws of each Contracting State and the other provisions of this Convention.

### **Article 12 Royalties**

1. Royalties paid for the use of immovable property or the development of mines, quarries or other natural resources may be taxed only in that Contracting State in which such property, mines, quarries or other natural resources are situated.

2. Royalties not referred to in paragraph 1 arising in a Contracting State and paid to a person residing in the other Contracting State may be taxed in that other State. However, such royalties may be taxed in the Contracting State in which they arise, if the laws of that State so stipulate, under the conditions and limitations hereinafter:

a) Royalties paid as a consideration for the use of, or the right to use, any copyright on literary, artistic or scientific works, not including cinematograph or television films, which are paid in one of the Contracting States, may be taxed in the first-mentioned State, but the tax thus charged may not exceed five percent of the gross amount of such royalties.

b) Royalties from the granting of any operating license, any patent, trade mark, design or model, plan, secret formula or process, arising from sources situated in the territory of one of the Contracting States and paid to a person residing in the other State may be taxed in the first-mentioned State, but the tax thus charged may not exceed fifteen percent of the gross amount of such royalties.

c) Payments for providing information concerning industrial, commercial, or scientific experiments, as well as payments for technical or economic research may be taxed in the first-mentioned State, but the tax thus charged may not exceed fifteen percent of the gross amount thereof.

d) Payments made for the right to use any operating license or trademark, for the leasing of the right to use any cinematograph or television film as well as any similar payments for the use or the right to use any agricultural, industrial, port-related, commercial or scientific equipment may be taxed in the first-mentioned State, but the tax thus charged may not exceed twenty percent of such payments.

3. If a royalty amounts to more than the normal intrinsic value of the rights for which it is paid, the provisions of paragraphs 1 and 2 shall apply solely to that portion such royalty which corresponds to the normal intrinsic value.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the royalties or other payments maintains in the Contracting State in which such income arises a permanent establishment or a fixed base for the purpose of performing independent personal services or any other independent activity, and if such royalties or other payments may be attributed to such permanent establishment or fixed base. In such case, said State shall be entitled to tax such income according to the laws thereof.

### **Article 13 Capital Gains**

1. Gains from the alienation of immovable property as defined in paragraph 2 of Article 6, may be taxed in that Contracting State in which such property is situated.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such gains from the alienation of such permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State. However, gains from the alienation of movable property as referred to in paragraph 3 of Article 22 may be taxed only in the Contracting State in which the property concerned is taxable according to said Article.

3. Gains from the alienation of any property other than that referred to in paragraphs 1 and 2 shall be taxable only in the Contracting State of which the alienator is a resident.

#### **Article 14 Independent Personal Services**

1. Income derived by a resident of a Contracting State in respect of professional services or other independent activities of a similar character shall be taxable only in that State. However, such income may be taxed in the other Contracting State in the following cases:

- a) If the resident has a fixed base available to him in the other Contracting State for the purpose of performing his activities; in such case, only that portion of the income which is attributable to said fixed base shall be taxable in the other Contracting State or
- b) If he is present in the other Contracting State for one or more periods amounting to or exceeding in the aggregate 183 days in the fiscal year, or,
- c) If the remuneration for his services in the other Contracting State derived from residents of that Contracting State exceeds the amount of 25,000 Norwegian kroner or the equivalent in Tunisian dinars in the fiscal year even if he is present in that State for one or more periods totaling less than 183 days in the fiscal year.

2. 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 Dependent Personal Services**

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

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

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

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft in international traffic shall be taxable in the Contracting State in which the place of effective management of the enterprise is situated.

#### **Article 16 Directors' Fees**

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

#### **Article 17 Entertainers and Athletes**

1. Notwithstanding the provisions of Articles 14 and 15, income derived by an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as an athlete, from his personal activities as such may be taxed in the Contracting State in which such activities are exercised.

2. Where income from activities exercised personally, and in such capacity, by an entertainer or athlete accrues to a person other than the entertainer or athlete himself, such income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.

3. The provisions of paragraph 1 and 2 shall not apply to income derived from activities exercised in a Contracting State by non-profit organizations of the other State or by their employees, except where said employees are acting on their own behalf.

#### **Article 18 Pensions**

Subject to the provisions of paragraph one of Article 19, pensions and other similar payments made to a resident of a Contracting State in consideration of past employment, shall be taxable only in that State.

#### **Article 19 Government Service**

1. Remuneration, including pensions paid by a Contracting State or a political subdivision or a local authority thereof, either directly or out of funds created by it, to an individual in respect of services

rendered to that State or subdivision or authority while performing duties of a public nature, may be taxed in the State of residence.

2. The provisions of Articles 15, 16 and 18 shall apply to remuneration or pensions paid in respect of services rendered in connection with a business carried on by a Contracting State, a political subdivision or a local authority thereof.

### **Article 20 Students - Business Apprentices - Scholarship Recipients - Miscellaneous**

1. Any resident of one of the Contracting States who is present temporarily in the other State exclusively:

- a) as a student registered in a university, secondary or other school in that other State;
- b) as a apprentice in business or industry;
- c) or as the recipient of a scholarship, a grant or an allowance paid as compensation by a religious, charitable, scientific or educational institution, the main purpose of which is to allow him to pursue education and research,

shall be exempted from taxation in that other State in respect of moneys received by him from abroad for the purpose of his upkeep, education or training, in respect of any scholarship held by him, or in respect of any amount received by him as compensation from a non-independent lucrative activity exercised by him in that other State for the purpose of acquiring practical training, insofar as said remuneration does not exceed the amount of 25,000 Norwegian kroner or the equivalent in Tunisian dinars.

2. Any individual from one of the Contracting States who is present temporarily in the other Contracting State for a period not to exceed one year, as a representative of an enterprise of the first-mentioned State or one of the organizations mentioned in sub-paragraph c) of paragraph one of this Article, or under a contract entered into with said enterprise or said organization, for the sole purpose of acquiring technical, vocational or business experience from a person other than said enterprise or said organization, shall be exempt from taxation in that other State in respect of the compensation received by him during said period, insofar as said compensation does not exceed the amount of 25,000 Norwegian kroner or the equivalent in Tunisian dinars.

3. Any individual from one of the Contracting States who is present temporarily in the other Contracting State under arrangements concluded with the government of that other State, solely for the purpose of training, research or education, shall be exempt from taxation in that other State in respect of any compensation received by him during such training, research or education, insofar as said compensation does not exceed the amount of 25,000 Norwegian kroner or the equivalent in Tunisian dinars.

### **Article 21 Income Not Expressly Mentioned**

Items of income of a resident of a Contracting State which are not expressly mentioned in the foregoing articles of this Convention may be taxed only in that State.

#### Chapter IV. Taxation of Capital

### **Article 22**

1. Capital represented by immovable property, as defined in paragraph 2 of Article 6, may be taxed in the Contracting State in which such property is situated.

2. Capital represented by movable property forming part of the business property of a permanent establishment of an enterprise or by movable property forming part of a fixed base used for the purpose of performing independent personal services may be taxed in the Contracting State in which the permanent establishment or the fixed base is situated.

3. Ships and aircraft operated in international traffic as well as 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 of the enterprise is situated.

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

#### Chapter V. Provisions for the Elimination of Double Taxation

### **Article 23**

1. Where a resident of Norway receives income or owns capital which, in accordance with the provisions of the Convention, is taxable in Tunisia, then Norway shall exempt such income or capital. This provision shall not limit the right of Norway to compute the tax at the rate corresponding to all the taxable income under its laws.

2. Where a resident of Tunisia receives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in Norway, then Tunisia shall allow as a deduction from the tax on the income of that resident an amount equal to the income tax paid in Norway.

3. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable to the income taxable in Norway.  
Concerning the income referred to in Articles 10, 11 and 12, Norway may, under its laws, include such income in the tax bases, but it shall allow on the amount of taxes pertaining to such income, a deduction corresponding to the taxes which Tunisia is allowed to withhold in accordance with the Convention.  
However, any tax which has been exempted or reduced for a limited period in one of the Contracting States, under the domestic laws of said State, shall be regarded as if it had been paid in full and shall be deducted in the other Contracting State from the tax on such income as if said exemption or said reduction had not been allowed.

#### Chapter VI. Special Provisions

### **Article 24 Non-Discrimination Investment Incentives**

1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected.
2. The term "national" means:
  - a) All individuals possessing the nationality of a Contracting State;
  - b) All legal persons, partnerships and associations deriving their status as such from the laws in force in a Contracting State.
3. Stateless persons shall not be subjected in a 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 the State concerned in the same circumstances are or may be subjected.
4. The taxation on a permanent establishment which an enterprise or a resident of a Contracting State has in the other Contracting State shall not be less favorably levied in that other State than the taxation levied on enterprises of that other State carrying on the same business.
5. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned State to any taxation or any requirement connected therewith which is 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 provision of paragraph 1 shall not be construed as obliging Norway to grant to nationals of Tunisia, who were not born in Norway of Norwegian parents, the exceptional tax relief it grants to its own nationals and to persons born in Norway of Norwegian parents, under Article 22 of the Norwegian tax law for rural districts and Article 17 of the Norwegian tax law for cities.
7. The term "Taxation" in this Article means taxes of every kind and description as referred to in Article 2 of this Convention.
8. The provisions of this Convention shall not prevent the application of more favorable tax provisions under the laws of one of the Contracting States in favor of investment.

### **Article 25 Mutual Agreement Procedure**

1. Where a resident of a Contracting State considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident.
2. That competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with the Convention.
3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. They may also cooperate for the purpose of eliminating double taxation in cases not referred to in the Convention and in particular regarding the tax treatment of off-shore wells operated in extra-territorial waters and related activities.
4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement as indicated in the preceding paragraphs. When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take

place through a Commission consisting of representatives of the competent authorities of the Contracting States.

### **Article 26 Exchange of Information**

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the Contracting States concerning taxes covered by the Convention, insofar as the taxation thereunder is in accordance with the Convention. Any information so exchanged shall be treated as secret and shall be disclosed only to persons or authorities involved in the assessment or collection of the taxes which are the subject of the Convention.

2. In no case shall the provisions of paragraph one be construed so as to impose on a Contracting State the obligation:

- a) to carry out administrative measures at variance with the laws and administrative practice or that of the other Contracting State;
- b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or the other Contracting State;
- c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public order (*ordre public*).

### **Article 27 Diplomatic and Consular Officials**

The provisions of this Convention shall not affect the fiscal privileges of diplomatic agents or consular officers under the general rules of international law or the provisions of specific agreements.

Chapter VII. Final Provisions

### **Article 28 Entry Into Force**

1. This Convention shall be ratified and the instruments of ratification shall be exchanged at Oslo as soon as possible.

2. The Convention shall enter into force upon the exchange of instruments of ratification, and the provisions thereof shall apply:

- a) To taxes withheld on income attributed or paid after the first day of the month following the month in which the exchange of the instruments of ratification takes place;
- b) to other taxes charged on income for tax periods ending after January 1 of the year of the exchange.

### **Article 29 Termination**

This Convention shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year after January 1, 1984. In such event, the Convention shall cease to have effect:

- a) With respect to taxes withheld on income attributed or paid no later than December 31 of the year of termination;
- b) to other taxes charged on income for tax periods ending no later than December 31 of the same year.

Done in duplicate at Tunis, this thirty-first day of May 1978, in the French language.

**FOR THE GOVERNMENT OF NORWAY:**

*O. Moltke-Hansen*

**FOR THE REPUBLIC OF TUNISIA:**

*Salah m'Barka*