Om samtykke til ratifikasjon av en overenskomst mellom Norge og Israel til unngåelse av dobbeltbeskatning og forebyggelse av skatteunndragelse med hensyn til skatter av inntekt og formue.

CONVENTION

between

THE KINGDOM OF NORWAY

and

THE STATE OF ISRAEL

for

THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND CAPITAL

THE GOVERNMENT OF THE KINGDOM OF NORWAY,

AND THE GOVERNMENT OF THE STATE OF ISRAEL

Desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital,

Have appointed for that purpose as their respective Plenipotentiaries:

THE GOVERNMENT OF THE KINGDOM OF NORWAY:

John Lyng, Minister of Foreign Affairs.

THE GOVERNMENT OF THE STATE OF ISRAEL:

Nathan Bar-Yaacov, Ambassador Extraordinary and Plenipotentiary of the State of Israel to Norway,

Who, having communicated to one another their full powers, found in good and due form,

Have agreed upon the following Articles:

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 each Contracting State or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income and on capital all taxes imposed on total income, on total capital, or on elements of income or of capital, including taxes on gains from the alienation of movable or immovable property, as well as taxes on capital appreciation.

3. The existing taxes to which the Convention shall apply, are in particular:

a) In the case of Israel:
   (1) the income tax;
   (2) the company profits tax;
   (3) the urban and agricultural property taxes; and
   (4) the tax on gains from the sale of land under the Land Appreciation Tax Law;
   (hereinafter referred to as «Israeli tax»);

b) In the case of Norway:
(1) national income tax;
(2) national tax-equalization dues;
(3) national tax in aid of developing countries;
(4) national dues on the salaries of foreign artistes;
(5) national capital tax;
(6) municipal income tax;
(7) municipal capital tax; and
(8) seamen's tax;
(hereinafter referred to as «Norwegian tax»).

4. The Convention shall also apply to any identical or substantially similar taxes which are subsequently imposed in addition to, or in place of, the existing taxes. At the end of each year, the competent authorities of the Contracting States shall notify to each other any major changes which have been made in their respective taxation laws.

CHAPTER II

Definitions.

Article 3.

General definitions.

1. In this Convention, unless the context otherwise requires:

a) the term «Israel» means the State of Israel;
b) the term «Norway» means the Kingdom of Norway, including the sea bed and its sub-soil in the submarine areas outside the coast of the Kingdom of Norway which are subject to Norwegian sovereignty in respect of activities connected with the exploitation and exploration of natural deposits, the term does not include Svalbard (Spitzbergen), Jan Mayen and the Norwegian dependencies out of Europe;
c) the term «person» includes individuals, companies and all other entities which are treated as taxable units under the taxation laws in force in either Contracting State;
d) the term «company» means any body corporate or any entity which is treated as a body corporate for tax purposes;
e) the terms «enterprise of a Contracting State» and «enterprise of the other Contracting State» mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
f) the term «competent authorities» means in the case of Israel, the Minister of Finance or his authorised representative; and in the case of Norway, the Minister of Finance and Customs or his authorised representative.

2. As regards the application of the Convention by a Contracting State any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of the Convention.

Article 4.

Fiscal domicile.

1. For the purposes of this Convention, the term «resident of a Contracting State» means any person who, under the law of that State, is liable to taxation 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 this case shall be determined in accordance with the following rules:

a) He shall be deemed to be a resident of the Contracting State in which he has a permanent home available to him. If he has a permanent home 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 closest (centre of vital interests);
b) If the Contracting State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;
c) If he 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 he 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 Contracting 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 in which the business of the enterprise is wholly or partly carried on.

2. The term «permanent establishment» shall include especially:
a) a place of management;
b) a branch;
c) an office;
d) a factory;
e) a workshop;
f) a mine, quarry or other place of extraction of natural resources;
g) a building site or construction or assembly project which exists for more than twelve months.

3. The term «permanent establishment» shall not be deemed 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, provided that the processing has been done under arrangements or conditions which are or would be made between independent persons;
d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise;
e) the maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character, for the enterprise.

4. A person acting in a Contracting State on behalf of an enterprise of the other Contracting State — other than an agent of an independent status to whom paragraph 6 applies — shall be deemed to be a permanent establishment in the firstmentioned State if he has, and habitually exercises in that State, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise.

5. A resident of one of the Contracting States shall be deemed — notwithstanding paragraphs 1—3 of this article — to have a permanent establishment in the other Contracting State if he sells in that other State goods or merchandise which either (i) were subjected to substantial processing in that State (whether or not purchased in that State) or (ii) were purchased in that State and not subjected to substantial processing outside that State.

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 other State through a broker, general commission agent or any other agent of an independent status, where such persons are acting in the ordinary course of their business.

7. 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 may be taxed in the Contracting State in which such property is situated.

2. The term «immovable property» shall be defined in accordance with the law 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 of 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 regarded as immovable property.

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

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

Article 7.

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 wholy independently with the enterprise of which it is a permanent establishment.

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

4. 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 laid down in this Article.

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

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

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

Article 8.

Shipping and air transport, etc.

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 of the enterprise is situated.

2. If ships, as mentioned in paragraph 1, are operated by jointly and fully responsible owners of which one or more are residents of a Contracting State and one or more are residents of the other Contracting State, profits derived from such activity may be taxed in that State in which the ships are registered.

3. The provisions of paragraphs 1 and 2 shall also apply to profits derived from the operation of fishing, sealing or whaling vessels on the high seas.

4. The provisions of paragraph 1 shall likewise apply in respect of participations in pools of any kind by Israeli or Norwegian enterprises engaged in air transport.

Article 9.

Associated enterprises.

Where

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

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.

Article 10.

Dividends.

1. Subject to the provisions of paragraph 2, dividends paid 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, subject to the provisions of subparagraphs a) and b), be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the law of that State.

a) The rate of Norwegian tax on dividends paid to a resident of Israel shall not exceed 15 per cent; provided that where the resident of Israel is a company which controls, directly or indirectly, at least 50 per cent of the entire voting power of the company paying the dividends, the rate of Norwegian tax shall not exceed 5 per cent.

b) The tax on dividends paid by an Israeli company to a resident of Norway shall not exceed the rate of 25 per cent of such dividend.

3. The term «dividends» as used in this Article means income from shares, founders' shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights assimilated to income from shares by the taxation law of the State of which the company making the distribution is a resident.

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

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.

2. However, such interest may be taxed in the Contracting State in which it arises, and according to the law of that State, but the tax so charged shall not exceed 25 per cent of the amount of the interest. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

3. The term «interest» as used in this Article means income from Government securities, bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, and debt-claims of every kind as well as all other income

assimilated to income from money lent by the taxation law of the State in which the income arises.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the interest, being a resident of a Contracting State, has in the other Contracting State in which the interest arises a permanent establishment with which the debt-claim from which the interest arises is effectively connected. In such a case, the provisions of Article 7 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, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the interest paid, 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 recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excees part of the payments shall remain taxable according to the law of each Contracting State. due regard being had to the other provisions of this Convention.

Article 12.

Royalties.

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State; however, the Contracting State in which the royalties arise may tax such royalties according to its own laws but the rate of tax shall not exceed 10 per cent of such royalties. The competent authorities of the two States shall by mutual agreement settle the mode of application of this limitation.

2. The term «royalties» as used in this Article means payments of any kind 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 video tapes for use in connection with television, any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial, or scientific equipment, or for information concerning industrial, commercial or scientific experience.

3. The provisions of paragraph 1 shall not apply if the recipient of the royalties, being a resident of a Contracting State, has in the other Contracting State in which the royalties arise a permanent establishment with which the right or property giving rise to the royalties is effectively connected. In such a case, the provisions of Article 7 shall apply.

4. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the royalties paid, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this Article shall apply only to the lastmentioned amount. In that case, the excees part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

Article 13.

Capital gains.

1. Gains from the alienation of immovable property, as defined in paragraph 2 of Article 6, may be taxed in the 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, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise), may be taxed in the other State. However, gains from the alienation of movable property of the kind referred to in paragraph 3 of Article 22 shall be taxable only in the Contracting State in which such movable property is taxable according to the said Article.
3. Gains from the alienation of any property other than those mentioned in paragraphs 1 and 2, shall be taxable only in the Contracting State of which the alienator is a resident.

Article 14.

Personal services.

1. Subject to the provisions of Articles 15, 17, 18, 19, and 20, income from personal services derived by a resident of one of the Contracting States shall be taxable only in that State unless the personal services were performed in the other Contracting State.

The term «income from personal services» means —

a) salaries, wages and other similar remuneration derived in respect of an employment;
b) income derived in respect of professional services including especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists, and accountants.

2. Notwithstanding the provisions of paragraph 1, income from personal services derived by a resident of a Contracting State in respect of services performed in the other Contracting State shall be taxable only in the first-mentioned State if 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 either

a) in the case of remuneration with respect to employment

(i) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and
(ii) the remuneration is not borne by a permanent establishment which the employer has in the other State, and
(iii) such income does not exceed 35 000 Kr. or its equivalent in Israeli pounds;

b) in the case of income derived from independent personal services — if such income does not exceed 35 000 Kr. or its equivalent in Israeli pounds.

3. Notwithstanding the preceding provisions of this Article, remuneration in respect of an employment exercised aboard a ship or aircraft in international traffic may be taxed in the Contracting State in which the place of effective management of the enterprise is situated. If the employment is exercised aboard a ship operated by jointly and fully responsible owners, remuneration for such services may be taxed in the Contracting State in which the ship is registered. The same rules shall apply to remuneration derived by a resident of a Contracting State in respect of an employment exercised aboard a

fishing, sealing or whaling vessel, also if the remuneration is paid to him in the form of a certain lay or share of the proceeds of the fishing, sealing or whaling activity.

Article 15.

Directors' fees.

Directors' fees and similar payments including fees paid to members of shareholders' committees, derived by a resident of a Contracting State in his capasity as a member of the board of directors or as a member of the shareholders' committee of a company which is a resident of the other Contracting State, may be taxed in that other State.

Article 16.

Artistes and athletes.

Notwithstanding the provisions of article 14, income derived by public entertainers, such as theatre, motion picture, radio or television artistes, and musicians, and by athletes, from their personal activities as such may be taxed in the Contracting State in which these activities are exercised.

Article 17.

Pensions and annuities.

1. Subject to the provisions of paragraph 1 of Article 18, pensions and other similar remuneration paid to a resident of a Contracting State shall be taxable only in that State. The same rule shall apply to annuities derived from sources within a Contracting State and paid to a resident of the other Contracting State.

2. As used in this Article:
   a) the term «pension» means periodic payments made in consideration of past services;
   b) the term «annuity» means a stated sum payable periodically at stated times, during life or during a specified or ascertainable period of time, under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

Article 18.

Governmental functions.

1. Remuneration, including pensions, paid by, or out of funds created by, a Contracting State or a political subdivision or a local authority thereof to any natural person, who is not a national of the other Contracting State, in respect of services rendered to the first-mentioned State or subdivision or local authority thereof in the discharge of functions of a governmental nature may be taxed in that State.

2. The provisions of Articles 14, 15, and 17 shall apply to remuneration or pensions in respect of services rendered in connection with any trade or business carried on by one of the Contracting States or a political subdivision or local authority thereof.

Article 19.

Students.

A resident of a Contracting State who is temporarily present in the other Contracting State solely:
   a) as a student at a university, college or school, or
   b) as a commercial or technical apprentice, or

c) as a recipient of a grant, allowance or award for the primary purpose of study or research from a religious, charitable, scientific or educational organisation

shall not be taxed in that other State in respect of remitances received for the purpose of his maintenance, education or training or in respect of a scholarship grant. The same shall apply to any amount representing remuneration for services rendered in that other State, provided that such services are in connection with his studies or training or are necessary for the purpose of his maintenance. However, this provision shall not apply to such cases where the studies or training have a secondary character as compared with the services for which the remuneration is paid.

Article 20.

Professors, teachers and researchers.

A resident of a Contracting State who, at the invitation of a university, college or other establishment for higher education or scientific research in the other Contracting State, visits that other State solely for the purpose of teaching or scientific research at such an institution for a period not exceeding two years shall not be taxed in that other State on his remuneration for such teaching or research.

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 shall be taxable only in that State.

CHAPTER IV

Taxation of capital.

Article 22.

Capital.

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 may be taxed in the Contracting State in which the permanent establishment is situated.

3. Capital represented by ships, aircraft and vessels operated in fishing, sealing and whaling activities, as mentioned in Article 8, as well as movable property pertaining to the operation of such ships, aircraft and vessels, shall be taxable only in the Contracting State in which the profits derived from such activities are taxable.

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

CHAPTER V

Methods for elimination of double taxation.

Article 23.

Exemption method.

1. Where a resident of Norway derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in Israel, Norway shall, subject to the provisions of paragraph 2,

exempt such income or capital from tax but may, in calculating tax on the remaining income or capital of that person, apply the rate of tax which would have been applicable if the exempted income or capital had not been so exempted.

2. Where a resident of Norway derives income which, in accordance with the provisions of Articles 10, 11 and 12, may be taxed in Israel, Norway shall allow as a deduction from the tax on the income of that person an amount equal to the tax paid in Israel. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is appropriate to the income derived from Israel.

The provisions of this paragraph shall also apply when the Israeli income tax appropriate to dividends and interest has been wholly relieved or reduced for a limited period of time as if no such relief had been given or no such reduction had been allowed.

Article 24.

Credit method.

Where a resident of Israel derives income which, in accordance with the provisions of this Convention, may be taxed in Norway, Israel shall, subject to the provisions of the law of Israel, allow as a deduction from the tax on the income of that person, an amount equal to the income tax paid in Norway. The deduction shall not, however, exceed that part of the income tax as computed before the deduction is given, which is appropriate to the income which may be taxed in Norway.

Where such income is an ordinary dividend paid by a company resident in Norway, the deduction shall take into account (in addition to any Norwegian tax appropriate to the dividend) the Norwegian tax payable by the company in respect of its profits, provided that the deductions shall not exceed 25 per cent of the said dividend. Where it is a dividend paid on participating preference shares and representing both a dividend at a fixed rate to which the shares are entitled and an additional participation in profits, the Norwegian tax so payable by the company shall likewise be taken into account in so far as the dividend exceeds that fixed rate.

CHAPTER VI

Special provisions.

Article 25.

Non-discrimination.

1. The 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 «nationals» 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 law in force in a Contracting State.

3. The taxation of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourable levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities.

This provision shall not be construed as obliging a Contracting State to grant to resident of the other Contracting State any personal

allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

4. 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 firstmentioned Contracting 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 that first-mentioned State are or may be subjected.

5. The provisions of this Article shall not be construed as obliging Norway to grant to nationals of Israel the exceptional tax relief which is accorded to Norwegian nationals and persons born of parents having Norwegian nationality pursuant to Section 22 of the Norwegian Taxation Act for the Rural Districts and Section 17 of the Norwegian Taxation Act for the Urban Districts.

6. In this Article the term «taxation» means taxes of every kind and description.

Article 26.

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 this convention, he may, notwithstanding the remedies provided by the national laws of those States, present his case to the competent authority of the Contracting State of which he is a resident.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at an appropriate 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 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 consult together for the elimination of double taxation in cases not provided for in the Convention.

4. The competent authorities of the Contracting States may communicate with each other directly for the purposes of reaching an agreement in the sense of 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 27.

Exchange of information.

1. The competent authorities of the Contracting States shall exchange such information as is necessary for the carrying out of this Convention and of the domestic laws of the Contracting States concerning taxes covered by this Convention insofar as the taxation thereunder is in accordance with this Convention. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons or authorities other than those concerned with the assessment, including judicial determination, or collection of the taxes which are the subject of the Convention.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on one of the Contracting States the obligation:

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

Article 28.

Assistance in the collection of taxes.

Whether the Contracting States should undertake to lend assistance and support to each other in the collection of taxes which are the subject of the present Convention and if so, to which extent, may be agreed between the Contracting States through a future exchange of notes to be made, when it is feasible, through diplomatic channels.

Article 29.

Territorial extension.

This Convention may be extended, either in its entirety or with any necessary modifications, to any part of the territory of Norway, which is specifically excluded from the application of the Convention, which imposes taxes substantially similar in character to those to which the Convention applies. Any such extension shall take effect from such date and subject to such modifications and conditions, including conditions as to termination, as may be specified and agreed between the Contracting States in notes to be exchanged through diplomatic channels.

Article 30.

Diplomatic and consular officials.

Nothing in this Convention shall affect the fiscal privileges of diplomatic or consular officials under the general rules of international law or under the provisions of special agreements.

Insofar as, due to fiscal privileges granted to diplomatic or consular officials under the general rules of international law or under the provisions of special international treaties, income or capital are not subject to tax in the receiving State, the right to tax shall be reserved to the sending State irrespective of the provisions of this Convention.

CHAPTER VII

Final provisions.

Article 31.

Entry into force.

1. This Convention shall be ratified and the instruments of ratification shall be exchanged at Jerusalem as soon as possible.
2. The Convention shall enter into force upon the exchange of instruments of ratification and its provisions shall have effect:

a) In the case of Israel:
in respect of Israeli taxes for the tax years beginning on or after the first day of April, 1965, or for any special tax year ending after the said date;

b) In the case of Norway:
(1) in respect of taxes on income, as to income acquired during the calendar year of 1965 or during any accounting period closed in the course of that calendar year;

(2) in respect of taxes on capital, as to the capital as per the first day of January, 1966, or as per the last day of any accounting period closed in the course of the calendar year of 1965.

3. The Agreement between Israel and Norway, dated the 1st of February and the 24th of May, 1955, for reciprocal exemption from income taxes and all other taxes on income derived from the exercise of shipping activities and the operation of aircraft services shall not have effect for any period for which the present Convention has effect.

Article 32.

Termination.

This Convention shall remain in force until denounced by one of the Contracting States. Either Contracting State may denounce the Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year after the year of 1970. In such event, the Convention shall cease to have effect:

a) In the case of Israel:
in respect of Israeli tax for any tax year beginning on or after the first day of April in the calendar year next following that in which the notice is given;

b) In the case of Norway:
(1) in respect of taxes on income, as to income of the taxable years or accounting periods beginning on or after the first day of January of the calendar year next following that in which the notice is given;
(2) in respect of taxes on capital, as to tax the payment of which is required on or after the first day of January of the calendar year next following that in which the notice is given.

IN WITNESS WHEREOF the Plenipotentiaries of the two States have signed the Convention and have affixed thereto their seals.

DONE at Oslo, this 2nd day of november 1966.
in duplicate in the English language.

FOR THE KINGDOM OF NORWAY:

John Lyng (s).

FOR THE STATE OF ISRAEL:

Nathan Bar-Yaacov (s).