

Om samtykke til å sette i kraft en overenskomst mellom Norge og Jugoslavia til unngåelse av dobbeltbeskatning med hensyn til skatter av inntekt og formue

Vedlegg.

**Convention between The Kingdom of Norway and the
Socialist federal Republic of Yugoslavia for the avoidance
of double taxation with respect to taxes on income
and on capital**

The Kingdom of Norway and the Socialist Federal Republic of Yugoslavia desiring to conclude a Convention for the Avoidance of Double Taxation with respect to taxes on income and on capital, have agreed as follows:

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 in a Contracting State or in its political subdivisions or local authorities, irrespective of the manner in which they are levied. The Convention shall also apply to the contributions levied in Yugoslavia, except for contributions to social security.

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, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation. For the purposes of this Convention also the contributions referred to in paragraph 1 of this Article shall be regarded as taxes.

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

a) In Norway:

- (i) the national tax on income
(inntektsskatt til staten);
- (ii) the county municipal tax on income
(inntektsskatt til fylkeskommunen);
- (iii) the municipal tax on income
(inntektsskatt til kommunen);
- (iv) the national contributions to the Tax Equalisation Fund
(fellesskatt til Skattefordelingsfondet);
- (v) the national tax on capital
(formuesskatt til staten);
- (vi) the municipal tax on capital
(formuesskatt til kommunen);
- (vii) the national dues on remuneration to non-resident artistes
(avgift til staten av honorarer som tilfaller kunstnere bo-
satt i utlandet);
- (viii) the seamen's tax (sjømannsskatt);
(hereinafter referred to as «Norwegian tax»).

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b) In Yugoslavia:

- (i) the tax and contributions on income of organizations of associated labour (porez i doprinosi iz dohotka organizacija udruzenog rada);
 - (ii) the tax and contributions on personal income derived from dependent personal services (porez i doprinosi iz licnog dohotka iz radnog odnosa);
 - (iii) the tax and contributions on personal income derived from agricultural activity (porez i doprinosi iz licnog dohotka od poljoprivredne delatnosti);
 - (iv) the tax and contributions on personal income derived from independent economic and non-economic activities (porez i doprinosi iz licnog dohotka od samostalnog obavljanja privrednih i neprivrednih delatnosti);
 - (v) the tax and contributions on personal income derived from copyrights, patents and technical improvements (porez i doprinosi iz licnog dohotka od autorskih prava, patenata i tehnickih unapredjenja);
 - (vi) the tax on revenue from capital and capital rights (porez na prihod od imovine i imovinskih prava);
 - (vii) the tax on capital (porez na imovinu);
 - (viii) the tax on total revenue of citizens (porez iz ukupog prihoda gradjana);
 - (ix) the tax on profits of foreign persons derived from investments in a domestic organization of associated labour for the purposes of joint business operations (porez na dobit stranih lica ostvarenu ulaganjem u domacu organizaciju udruzenog rada za svrhe zajednickog poslovanja);
 - (x) the tax on profits of foreign persons derived from investment projects (porez na dobit stranih lica ostvarenu izvođenjem investicionih radova);
 - (xi) the tax on revenues of foreign persons derived from passenger and cargo transport (porez na prihod stranih lica ostvaren od prevoza putnika i robe);
- (hereinafter referred to as «Yugoslav tax»).

4. The Convention shall also apply to any identical or substantially similar 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 notify each other of any substantial changes which have been made in their respective taxation laws.

Article 3

General definitions

1. For the purposes of this Convention:

- a) the terms «a Contracting State» and «the other Contracting State» mean Yugoslavia or Norway as the context requires;
- b) the term Yugoslavia means the Socialist Federal Republic of Yugoslavia and the term Norway means the Kingdom of Norway; this term does not comprise Svalbard, Jan Mayen and the Norwegian dependencies («biland»);
- c) the term «nationals» means all individuals possessing the nationality of a contracting State;
- d) the term «person» means an individual and any legal person;
- e) the term «company» means:
 - i) in respect of Yugoslavia, an organisation of associated labour and any other legal person subject to tax;

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- ii) in respect of Norway, 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, as the context requires, in the case of Yugoslavia, an organisation of associated labour and other selfmanaged organisation and community, working people who individually perform activities independently and an enterprise established outside the territory of Yugoslavia carried on by a resident of Yugoslavia, and in the case of Norway, an enterprise carried on by a resident of Norway. These terms do not include the activities mentioned in Articles 14 and 17 of this Convention;
- g) the term «international traffic» means any transport by a ship or aircraft operated by an enterprise which has its place of effective management in a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
- h) the term «fixed base» means a centre of activity of a fixed or permanent character, through which professional activities are exercised;
- i) the term «competent authority» means:
 - (i) in respect of Norway, the Minister of Finance and Customs or his authorised representative;
 - (ii) in respect of Yugoslavia, the Federal Secretariat of Finance of its authorised representative.

2. As regards the application of the Convention by a Contracting State 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 States» 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 his status shall be determined 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 to him in both States, he shall be deemed to be a resident of the State with which his personal and economic relations are closer (centre of vital interests);
- b) if the 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 State; he shall be deemed to be a resident of the State in which he has an habitual abode;
- c) if he has an habitual abode in both States or in neither of them; he shall be deemed to be a resident of the State of which he is a national;
- d) if he is a national of both 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.

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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 in 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 factory;
- e) a workshop;
- f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

3. A building site, construction, assembly or installation projects or supervisory or consultancy activities connected therewith, constitute a permanent establishment only if such building site, projects or activities are continued for more than 12 months.

4. Notwithstanding the provisions of preceding paragraphs of this Article, 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 of collecting information, for the enterprise;
- e) the maintenance of a fixed place of business solely for the purpose of advertising supply of information, scientific research or similar activities which have a preparatory or auxiliary character, for the enterprise;
- f) the maintenance of a fixed place of business activities solely for any combination of activities mentioned in sub-paragraphs a) to e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

5. Notwithstanding the provisions of paragraphs 1 and 2, where a person — other than an agent of an independent status to whom paragraph 6 applies — is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in the State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

6. An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that State through a broker, general commission agent

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or any other agent of an independent status, provided that 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.

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.

2. The term «immovable property» shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. Ships 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 of this Article shall also apply to the income from immovable property of an enterprise and to income from immovable property used for 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. Subject to the provisions of paragraph 3 of this Article, 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 executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

4. The profits to be attributed to a permanent establishment shall be determined on the basis of separate business books kept by

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the permanent establishment. If such books do not constitute an adequate basis for the purpose of determining the profits of the permanent establishment, then such profits may be determined on the basis of apportionment of the total profits of the enterprise to its various parts. The method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles embodied in this Article. If necessary the competent authorities of the Contracting States shall endeavour to agree on the method for determining the profits of the enterprises's permanent establishment.

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 purposes 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. The profits derived in Yugoslavia by a resident of Norway from his participation in joint business operations with a Yugoslav enterprise, may be taxed in Yugoslavia, unless business is carried on through a permanent establishment in Norway.

8. 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

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

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

4. The provisions of paragraphs 1 and 3 shall apply to profits derived by the joint Norwegian, Danish and Swedish air transport consortium Scandinavian Airlines System (SAS), but only in so far profits derived by Det Norske Luftfartsselskap A/S (DNL), the Norwegian partner of the Scandinavian Airlines System (SAS), are in proportion to its share in that organisation.

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

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- 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. 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 be also taxed in the Contracting State of which the company paying the dividends is a resident, and according to the laws of that State, but the tax so charged shall not exceed 15 per cent of the gross amount of the dividends.

The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of these limitations.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. 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 which is subject to the same taxation treatment as income from shares by the law of that State of which the company making the distribution is a resident. The term dividends does not include the profits derived in Yugoslavia by a resident of Norway, from his participation in joint business operations with a Yugoslav enterprise.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State, of which the company paying the dividends is a resident, through a permanent establishment situated therein or performs in that other State independent personal services from 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 Article 14, as the case may be, shall apply.

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

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Article 11

Interest

1. Interest derived from sources within one of the Contracting States by a resident of the other Contracting State shall be taxable only in that other State.

2. The term «interest» as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage, and in particular, income from government securities and income from bonds or debentures.

3. The provisions of paragraphs 1 and 2 shall not apply if the recipient 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.

4. Where, by reason of a special relationship between the payer and the recipient 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 recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the laws 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 if such resident is the recipient of the royalties.

2. The royalties referred to in paragraph 1 of this Article may also be taxed in the Contracting State in which they arise and according to the laws of that State, but the tax so charged shall not exceed 10 per cent of the gross amount of the royalties. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

3. 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 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 industrial, commercial or scientific experience.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, or

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performs in that other State independent personal services from a fixed base situated therein, 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, as the case may be, shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is that Contracting State itself, a political subdivision, a local authority or a resident of that Contracting State.

6. Notwithstanding the provisions of paragraph 5 of this Article the royalties shall be deemed to arise in the Contracting State in which the payer of the royalties has its permanent establishment or a fixed base with which the liability to pay the royalties was incurred and which bears the royalties whether or not the payer of the royalties is a resident of the Contracting State.

7. 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, 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 last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of the Convention.

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.

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 a permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State.

3. Notwithstanding the provisions of paragraph 2 of this Article gains from the alienation of ships or aircraft operated in international traffic, boats engaged in inland waterways transport or movable property pertaining to the operation of such ships, aircraft or boats, shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

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

5. Gains from the alienation of shares in a company the capital of which is wholly or partly divided into shares and which is a resi-

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dent of Norway for the purposes of Norwegian tax, derived by an individual who is a resident of Yugoslavia, may be taxed in Norway.

Article 14

Independent personal services

1. Income derived by an individual who is resident of a Contracting State in respect of professional services or other independent activities of a similar nature may be taxed in that Contracting State. Except as provided in paragraph 2 of this Article, such income shall be exempt from tax in the other Contracting State.

2. Income derived by an individual who is a resident of one of the States in respect of his professional services or other independent activities of a similar character in the other State may be taxed in that other State, if the individual is present in that other State for a period or periods aggregating 183 days or more in any two consecutive years or maintains a fixed base in that other State and the income is attributable to such fixed base.

3. 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, 17, 18, 19 and 20 of this Convention, 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 of this Article 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 any two consecutive years;
- b) the remuneration is paid by, or on behalf of, a person who is resident in the State where the recipient is a resident, and whose business activities do not wholly or almost wholly consist of hiring out of labour; and
- c) the remuneration is not borne by a permanent establishment or a fixed base which the person who is a resident in a Contracting State has in the other Contracting State.

3.

- a) Wages and salaries paid by a Contracting State or a political subdivision or a local authority thereof to an individual shall be taxable only in that State.
- b) Wages and salaries paid by a Contracting State or a political subdivision or a local authority thereof to an individual shall be

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taxable only in the other Contracting State if the recipient carries out the work in that other State, and is a resident of that State who:

- (i) is a national of that State, or
- (ii) did not become a resident of that State solely for the purpose of carrying out that work.

4. Wages and salaries derived by an individual for work carried out in connection with a business carried on by a Contracting State or a political subdivision or a local authority thereof, shall be taxable in accordance with the provisions of paragraphs 1 and 2 of this Article.

5. Wages and salaries derived by an individual as a representative of the Joint Economic Representation of Yugoslavia or the Tourist Federation of Yugoslavia shall be taxable only in Yugoslavia.

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

7. Remuneration in respect of an employment exercised aboard an aircraft operated by the air transport consortium Scandinavian Airlines System (SAS), derived by a resident of Norway, shall be taxable only in Norway.

Article 16

Fees derived from work on joint business boards (Directors' fees)

1. Directors' fees and other similar payments derived by a resident of Yugoslavia in his capacity as a member of the board of directors or another similar organ of a company which is a resident of Norway may be taxed in Norway.

2. Fees and other similar payments derived by a resident of Norway in his capacity as a member of a joint business board of a company which is a resident of Yugoslavia may be taxed in Yugoslavia.

Article 17

Artistes and athletes

1. Notwithstanding the provisions of Articles 14 and 15 of this Convention, income derived by theatre, motion picture, radio or television artistes, musicians, athletes and other entertainers from their personal activities as such may be taxed in the Contracting State in which these activities are exercised.

2. Where income in respect of personal activities exercised by an entertainer or an athlete in his capacity as such referred to in paragraph 1 of this Article accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15 of this Convention, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.

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3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, income derived in respect of the activities referred to in paragraph 1 of this Article within the framework of a cultural or sports exchange programme approved by both Contracting States shall be taxable only in the State of which the entertainer or athlete is a resident.

Article 18

Pensions

1. Pensions and other similar remuneration paid to a resident of a Contracting State in consideration of past employment shall be taxable only in the Contracting State of which the recipient of the pension is a resident.

2. Notwithstanding the provisions of paragraph 1 of this Article any pension paid by Yugoslavia or by any of its political subdivisions or local authorities out of the budget or special funds to any individual shall be taxable only in Yugoslavia.

Article 19

Students

1. Payments which a student, or apprentice or business trainee, 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 receives for the purpose of his maintenance, education or training shall not be taxed in that State, provided that such payments are made to him from sources outside that State.

2. Income derived by a student, or apprentice or business trainee in respect of activities exercised in a Contracting State in which he is present solely for the purpose of his education or training, shall not be taxable in that state, for a periode not exceeding in the aggregate five years, on any remuneration not exceeding 15 000 Norwegian kroner or the equivalent in Yugoslav dinars, for each calendar year for personal services rendered in that other Contracting State with a view to supplementing the resources available to him for such purposes.

Article 20

Teachers and professors

1. An individual who visits a Contracting State for the purpose of teaching or carrying out research at a university, college or other recognized educational institution in that Contracting State and who is, or was immediately before that visit, a resident of the other Contracting State, shall be exempt from taxation in the first-mentioned Contracting State on remuneration for such teaching or research for a period not exceeding two years from the date of his first visit for that purpose, but only insofar as the remuneration is taxed in that other State.

2. The provision of paragraph 1 of this Article shall not apply to income from research if such research is undertaken not in the public interest but primarily for the private benefit of a specific person or persons.

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Article 21

Other income

1. Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Convention shall be taxable only in that State.

2. The provisions of paragraph 1 of this Article shall not apply to income, other than income from immovable property, 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 service from a fixed base situated therein, 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, as the case may be, shall apply.

Article 22

Capital

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

2. Capital represented by movable property forming part of the business property of a permanent establishment which an enterprise has in the other Contracting State, or by 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, may be taxed in that other State.

3. Capital represented by ships and aircraft operated in international traffic and by 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.

Article 23

Methods for elimination of double taxation

1. In Yugoslavia, double taxation shall be avoided as follows:

- a) Where a resident of Yugoslavia derives income or owns capital which, in accordance with the provisions of this Convention may be taxed in Norway, Yugoslavia shall, subject to the provisions of subparagraphs b) and c) of this paragraph, exempt such income or capital from tax.
- b) Where a resident of Yugoslavia derives income which, in accordance with the provisions of Articles 10, 12 and 16 of the Convention may be taxed in Norway, Yugoslavia shall allow as a deduction from the tax on the income of that resident an amount equal to the tax paid in Norway. 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 Norway.
- c) Where in accordance with any provision of the Convention in-

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come derived or capital owned by a resident of Yugoslavia is exempt from tax in Yugoslavia, Yugoslavia may in calculating the amount of tax on the remaining income or capital of such resident apply the rate of tax which would have been applicable if the exempted income or capital had not been so exempted.

2. In Norway, double taxation shall be avoid as follows:

- a) Where a resident of Norway derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in Yugoslavia, Norway shall, subject to the provisions of subparagraph b), c) and d) of this paragraph, exempt such income or capital from tax.
- b) Where a resident of Norway derives items of income which, in accordance with the provisions of Articles 7, 10, 12 and 16, may be taxed in Yugoslavia, Norway shall allow as a deduction from the tax on the income of that person an amount equal to the tax paid in Yugoslavia. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable to such items of income derived from Yugoslavia.
- c) Where exemption from or reduction of Yugoslav tax, payable in accordance with the provisions of Article 7 paragraph 7 of this Convention in respect of profits derived by a resident of Norway in Yugoslavia from his participation in joint business operations with a Yugoslav enterprise, has been granted under Yugoslav law, then, for the purposes of subparagraph b), deduction from Norwegian tax shall be allowed as if no such exemption or reduction had been granted. The provisions of this subparagraph shall apply only for the first ten years for which this Convention is effective. One year before the expiration of the period of ten years the competent authorities may consult each other in order to determine whether this period shall be extended.
- d) Where in accordance with any provision of the Convention income derived or capital owned by a resident of Norway is exempt from tax in Norway, Norway may nevertheless, in calculating the amount of tax on the remaining income or capital of such resident, take into account the exempted income or capital.

Article 24

Non-discrimination

1. Residents 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 residents of that other State in the same circumstances are or may be subjected.

2. The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably 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 residents 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.

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3. Except where the provisions of Article 9, paragraph 4 of Article 11 or paragraph 7 of Article 12 apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been 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 shall, for the purpose of determining the taxable capital of such enterprise, be deductible as if they had been contracted to a resident on the first-mentioned State.

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 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.

5. The provisions of this Article shall not be construed as obliging a Contracting State to grant to nationals of the other Contracting State not being nationals of the first-mentioned State, any exceptional tax relief accorded to nationals and persons born of parents having the nationality of the first-mentioned State.

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.

The case must be presented within five years from the first notification of the action resulting in taxation not in accordance with the provisions of this Convention.

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 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. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising 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 purpose of reaching an agreement in the sense of the preceding paragraphs. When it seems

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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 the carrying out of this Convention or of the domestic laws of the Contracting States concerning taxes covered by this 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 this Convention.

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

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

Article 27

Diplomatic and consular officers

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

Article 28

Entry into force

This Convention shall enter into force on the thirtieth day after the latter of the dates on which the Contracting States have notified each other in writing that the procedures for its entering into force constitutionally required in their respective States have been complied with and its provisions shall have effect in respect of taxes on income and on capital for any calendar year beginning on or after the first day of January in the calendar year following that in which the latter of the notifications has been received.

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 year after the fifth year after the entry into force of the Convention. In such event, the Convention shall cease to have effect in respect of taxes on income and

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on capital for any calendar year beginning on or after the first day of January in the calendar year following that in which the notice of termination is given.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto have signed the Convention.

DONE at Oslo this 1st day of September 1983 in two originals in the English language, both copies being equally authentic.

For the Kingdom of Norway
Svenn Stray

For the Socialist Federal Republic
of Yugoslavia
Lazar Mojsov

PROTOCOL

At the signing today of the Convention between the Kingdom of Norway and the Socialist Federal Republic of Yugoslavia for the avoidance of double taxation with respect to taxes on income and on capital, the undersigned have agreed upon the following provisions, which shall form an integral part of the Convention.

Ad Article 10

Article 10 paragraph 2 of this Convention is agreed on the background that Norway at the time of signature of the Convention allows dividends paid by Norwegian companies as deductions from their profits for the purpose of computing their liability to Norwegian national tax. It is understood that if Norway discontinues this split-rate system of taxing companies, negotiations for a revision of Article 10 of the Convention shall take place.

Ad Article 11

The provisions of Article 11 are based on the fact, that under the taxation legislation of Norway and Yugoslavia as in force, on the date of signature of the Convention, none of the States levies a withholding tax on interest arising in that State and paid to a resident of the other State.

Both States undertake to enter into negotiations on a revision of the said provisions as soon as one of the States has expressed in writing, through diplomatic channels, to the other State its wish thereto in light of the fact that a withholding tax on interest has been introduced.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto have signed this Protocol.

DONE at Oslo this 1st day of September 1983 in two originals in the English language, both copies being equally authentic.

For the Kingdom of Norway
Svenn Stray

For the Socialist Federal Republic
of Yugoslavia
Lazar Mojsov

