# 1970 No. 154

# INCOME TAX

## The Double Taxation Relief (Taxes on Income) (Norway) Order 1970

*Laid before the House of Commons in draft*

*Made - - - 4th February* 1970

At the Court at Buckingham Palace, the 4th day of February 1970

Present,

The Queen's Most Excellent Majesty in Council

Whereas a draft of this Order was laid before the Commons House of Parliament in accordance with the provisions of section 347(6) of the Income Tax Act 1952(**a**), and an Address has been presented to Her Majesty by that House praying that an Order may be made in the terms of this Order:

Now, therefore, Her Majesty, in exercise of the powers conferred upon Her by section 347(1) of the said Income Tax Act 1952, as amended by section 39 and section 64 of the Finance Act 1965(**b**), and of all other powers enabling Her in that behalf, is pleased, by and with the advice of Her Privy Council, to order, and it is hereby ordered, as follows:—

**1.** This Order may be cited as the Double Taxation Relief (Taxes on Income) (Norway) Order 1970.

**2.** It is hereby declared—

(*a*) that the arrangements specified in the Convention set out in the Schedule to this Order have been made with the Government of the Kingdom of Norway with a view to affording relief from double taxation in relation to income tax, corporation tax or capital gains tax and taxes of a similar character imposed by the laws of Norway; and

(*b*) that it is expedient that those arrangements should have effect.

*W. G. Agnew.*

(**a**) 15 & 16 Geo. 6 & 1 Eliz. 2. c. 10. (**b**) 1965 c. 25.

## SCHEDULE

CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE KINGDOM OF NORWAY FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND CAPITAL

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Kingdom of Norway;

Desiring to conclude a new Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and 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) The taxes which are the subject of this Convention are:

(*a*) in the United Kingdom of Great Britain and Northern Ireland:

(i) the income tax (including surtax);

(ii) the corporation tax; and

(iii) the capital gains tax;

(*b*) in Norway:

(i) national capital tax;

(ii) national income tax;

(iii) national contributions to the tax equalisation fund;

(iv) national dues on the profits of non-resident artistes;

(v) special tax in aid of developing countries;

(vi) municipal capital tax;

(vii) municipal property tax;

(viii) municipal income tax;

(ix) tax on dependent children's earnings; and

(x) seamen's tax.

(2) This Convention shall also apply to any identical or substantially similar taxes which are imposed by either Contracting State after the date of signature of this Convention in addition to, or in place of, the existing taxes.

(3) The competent authorities of the Contracting States shall notify to each other any changes which are made in their respective taxation laws.

### ARTICLE 3

**General definitions**

(1) In this Convention, unless the context otherwise requires:

(*a*) the term "United Kingdom" means Great Britain and Northern Ireland, including any area outside the territorial sea of the United Kingdom which in accordance with international law has been or may hereafter be designated, under the laws of the United Kingdom concerning the Continental Shelf, as an area within which the rights of the United Kingdom with respect to the sea bed and sub-soil and their natural resources may be exercised;

(*b*) the term "Norway" means the Kingdom of Norway, including any area adjacent to the territorial waters of Norway which by Norwegian legislation, and in accordance with international law, has been or may hereafter be designated as an area within which the rights of Norway with respect to the sea bed and sub-soil and their natural resources may be exercised; the term does not comprise Spitsbergen (including Bear Island), Jan Mayen and the Norwegian dependencies outside Europe;

(*c*) the term "nationals" means:

(i) in relation to the United Kingdom, all citizens of the United Kingdom and Colonies who derive their status as such from their connection with the United Kingdom and all legal persons, partnerships and associations deriving their status as such from the law in force in the United Kingdom;

(ii) in relation to Norway, all citizens of Norway and all legal persons, partnerships and associations deriving their status as such from the law in force in Norway;

(*d*) the term "United Kingdom tax" means tax imposed by the United Kingdom being tax to which this Convention applies by virtue of the provisions of Article 2; the term "Norwegian tax" means tax imposed by Norway being tax to which this Convention applies by virtue of the provisions of Article 2;

(*e*) the term "tax" means United Kingdom tax or Norwegian tax, as the context requires;

(*f*) the terms "a Contracting State" and "the other Contracting State" mean the United Kingdom or Norway, as the context requires;

(*g*) the term "person" comprises an individual, a company and any other body of persons;

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

(*i*) 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;

(*j*) the term "international traffic" includes any voyage of a ship or aircraft operated by a resident of a Contracting State other than a voyage confined solely to the other Contracting State;

(*k*) the term "competent authority" means, in the case of the United Kingdom the Commissioners of Inland Revenue or their authorised representative, and in the case of Norway the Ministry of Finance and Customs or its authorised representative.

(2) As regards the application of this 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 this Convention.

ARTICLE 4

**Fiscal domicile**

(1) For the purposes of this Convention, the term "resident of a Contracting State" means, subject to the provisions of paragraphs (2) and (3) of this Article, 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; the term does not include any individual who is liable to tax in that Contracting State only if he derives income from sources therein. The terms "resident of the United Kingdom" and "resident of Norway" shall be construed accordingly.

(2) Where by reason of the provisions of paragraph (1) of this Article an individual is a resident of both Contracting States, then his status 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) of this Article a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident of the 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;

(*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) An enterprise of a Contracting State shall be deemed to have a permanent establishment in the other Contracting State if it carries on the activity of providing the services within that other Contracting State of public entertainers or athletes referred to in Article 18.

(5) 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 the provisions of paragraph (6) of this Article apply—shall be deemed to be a permanent establishment in the first-mentioned 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.

(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.

ARTICLE 6

**Limitation of relief**

Where under any provision of this Convention income is relieved from Norwegian tax and, under the law in force in the United Kingdom, an individual, in respect of the said income, is subject to tax by reference to the amount thereof which is remitted to or received in the United Kingdom and not by reference to the full amount thereof, then the relief to be allowed under this Convention in Norway shall apply only to so much of the income as is remitted to or received in the United Kingdom.

ARTICLE 7

**Income from immovable property**

(1) Income from immovable property may be taxed in the Contracting State in which such property is situated.

(2) (*a*) The term "immovable property" shall, subject to the provisions of sub-paragraph (*b*) below, be defined in accordance with the law of the Contracting State in which the property in question is situated.

(*b*) The term "immovable property" 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 natural resources; ships, boats and aircraft shall not be regarded as immovable property.

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

(4) In the determination of the income from immovable property which a resident of a Contracting State has in the other Contracting State expenses (including interest on debt-claims) which are incurred for the purposes of such property shall be allowed as deductions on the same conditions as are provided for residents of that other State.

(5) The provisions of paragraphs (1), (3) and (4) 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 professional services.

ARTICLE 8

**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 at arm's length 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 of the enterprise (other than expenses which would not be deductible if the permanent establishment were a separate enterprise) 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) In so far as it has been customary in a Contracting State, according to its law, to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total income of the enterprise to its various parts, nothing in paragraph (2) of this Article 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 of 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 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) Where profits include items 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 9

**Shipping and air transport**

A resident of a Contracting State shall be exempt from tax in the other Contracting State on profits from the operation of ships or aircraft in international traffic.

ARTICLE 10

**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 11

**Dividends**

(1) Dividends paid by a company being a resident of a Contracting State which are beneficially owned by a resident of the other Contracting State may be taxed in that other State.

(2) However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the law of that State, but the tax so charged shall not exceed:

(*a*) 5 per cent of the gross amount of the dividends if the beneficial owner is a company which controls directly or indirectly at least 25 per cent of the voting power of the company paying the dividends;

(*b*) in all other cases, 15 per cent of the gross amount of the dividends.

The provisions of 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 assimilated to income from shares by the taxation law of the State of which the company making the distribution is a resident and also includes any other item (other than interest or royalties relieved from tax under the provisions of Article 12 or Article 13 of this Convention) which, under the law of the Contracting State of which the company paying the dividend is a resident, is treated as a dividend or distribution of a company.

(4) The provisions of paragraphs (1) and (2) of this Article shall not apply if the beneficial owner 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 and the holding by virtue of which the dividends are paid is effectively connected with a business carried on through that permanent establishment. In such a case, the provisions of Article 8 shall apply.

(5) If the beneficial owner of a dividend being a resident of a Contracting State owns 10 per cent or more of the class of shares in respect of which the dividend is paid then the relief from tax provided for in paragraph (2) of this Article shall not apply to the dividend to the extent that it can have been paid only out of profits which the company paying the dividend earned or other income which it received in a period ending twelve months or more before the relevant date. For the purposes of this paragraph the term "relevant date" means the date on which the beneficial owner of the dividend became the owner of 10 per cent or more of the class of shares in question.

Provided that this paragraph shall not apply if the beneficial owner of the dividend shows that the shares were acquired for bona fide commercial reasons and not primarily for the purpose of securing the benefit of this Article.

(6) 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 and beneficially owned by persons who are not residents of that other State, or subject the company's undistributed profits to a tax on undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in that other State.

(7) If the system of taxation applicable in either of the Contracting States to the profits and dividends of companies is altered after the date of signature of this Convention the competent authorities may consult each other in order to determine whether it is necessary for this reason to amend the provisions of this Convention relating to dividends.

ARTICLE 12

**Interest**

(1) Interest derived and beneficially owned by a resident of a Contracting State shall be taxable only in that State.

(2) 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 other 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.

(3) The provisions of paragraph (1) of this Article shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, has in the other Contracting State a permanent establishment and the debt-claim from which the interest arises is effectively connected with a business carried on through that permanent establishment. In such a case, the provisions of Article 8 shall apply.

(4) Any provision of the law of one of the Contracting States which relates only to interest paid to a non-resident company with or without any further requirement, or which relates only to interest payments between inter-connected companies with or without any further requirement, shall not operate so as to require such interest paid to a company which is a resident of the other Contracting State to be left out of account as a deduction in computing the taxable profits of the company paying the interest as being a dividend or distribution.

(5) The exemption from tax provided for in paragraph (1) of this Article shall not apply to interest on any form of debt-claim dealt in on a stock exchange where the beneficial owner of the interest:

(*a*) does not bear tax in respect thereof in the Contracting State of which it is a resident; and

(*b*) sells (or makes a contract to sell) the debt-claim from which such interest is derived within three months of the date on which such beneficial owner acquired such debt-claim.

(6) Where, owing to a special relationship between the payer and the beneficial owner 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 beneficial owner 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 law of each Contracting State, due regard being had to the other provisions of this Convention.

(7) The provisions of this Article shall not apply if the debt-claim in respect of which the interest is paid was created or assigned mainly for the purpose of taking advantage of this Article and not for bona fide commercial reasons.

## ARTICLE 13

### Royalties

(1) Royalties derived and beneficially owned by a resident of a Contracting State shall be taxable only in that State.

(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 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.

(3) The provisions of paragraph (1) of this Article shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, has in the other Contracting State a permanent establishment and the right or property giving rise to the royalties is effectively connected with a business carried on through that permanent establishment. In such a case, the provisions of Article 8 shall apply.

(4) Any provision of the law of a Contracting State which requires royalties paid by a company to be left out of account as a deduction in computing the company's taxable profits as being a dividend or distribution shall not operate in relation to royalties paid to a resident of the other Contracting State. The preceding sentence shall not however apply to royalties derived and beneficially owned by a company which is a resident of that other Contracting State where:

(*a*) the same persons participate directly or indirectly in the management or control of the company paying the royalties and the company beneficially owning the royalties; and

(*b*) more than 50 per cent of the voting power in the company beneficially owning the royalties is controlled directly or indirectly by a person or persons resident in the Contracting State in which the company paying the royalties is resident.

(5) Where, owing to a special relationship between the payer and the beneficial owner 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 beneficial owner 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 law of each Contracting State, due regard being had to the other provisions of this Convention.

ARTICLE 14

**Capital gains**

(1) Capital gains from the alienation of immovable property, as defined in paragraph (2) of Article 7, may be taxed in the Contracting State in which such property is situated.

(2) Capital 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 professional services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base, may be taxed in the other State.

(3) Notwithstanding the provisions of paragraph (2) of this Article, capital gains derived by a resident of a Contracting State from the alienation of ships and aircraft operated in international traffic and movable property pertaining to the operation of such ships and aircraft shall be taxable only in that Contracting State.

(4) Capital gains from the alienation of any property other than those mentioned 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) The provisions of paragraph (4) of this Article shall not affect the right of a Contracting State to levy according to its own law a tax on capital gains from the alienation of any property derived by an individual who is a resident of the other Contracting State and has been a resident of the first-mentioned Contracting State at any time during the five years immediately preceding the alienation of the property

ARTICLE 15

**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 unless he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities. If he has such a fixed base, the income may be taxed in the other Contracting State but only so much of it as is attributable to that fixed base.

(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 16

**Employments**

(1) Subject to the provisions of Articles 17, 19, 20, 21 and 22, 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 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 in respect of an employment exercised aboard a ship or aircraft in international traffic may be taxed in the Contracting State of which the person deriving the profits from the operation of the ship or aircraft is a resident.

ARTICLE 17

**Directors' fees, etc.**

Directors' fees and similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors or of the committee of the shareholders' representatives (*representantskapet*) of a company which is a resident of the other Contracting State may be taxed in that other State.

ARTICLE 18

**Artistes and athletes**

Notwithstanding the provisions of Articles 15 and 16, 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 those activities are exercised.

ARTICLE 19

**Pensions and annuities**

(1) Subject to the provisions of paragraphs (1) and (2) of Article 20, pensions and other similar remuneration paid in consideration of past employment to a resident of a Contracting State and any annuity paid to such a resident shall be taxable only in that State.

(2) 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 20

**Governmental functions**

(1) Remuneration or pensions paid out of public funds of the United Kingdom or Northern Ireland or of the funds of any local authority in the United Kingdom to any individual in respect of services rendered to the Government of the United Kingdom or Northern Ireland or a local authority in the United Kingdom in the discharge of functions of a governmental nature, shall be taxable only in the United Kingdom unless the individual is a Norwegian national.

(2) Remuneration or pensions paid by, or out of funds created by, Norway or a local authority thereof to any individual in respect of services rendered to the Government of Norway or a local authority thereof, in the discharge of functions of a governmental nature, shall be taxable only in Norway unless the individual is a national of the United Kingdom.

(3) The provisions of paragraphs (1) and (2) of this Article shall not apply to remuneration or pensions in respect of services rendered in connection with any trade or business.

ARTICLE 21

**Students**

(1) Payments which a student or business apprentice who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned Contracting 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 the first-mentioned State, provided that such payments are made to him from sources outside that State.

(2) An individual who,while a student at a university or other recognised educational institution in a Contracting State, is employed either in that Contracting State or in the other Contracting State for a period or periods not exceeding a total of 100 days during the fiscal year concerned shall not be taxed in the Contracting State where the employment is exercised in respect of his remuneration therefrom if:

(*a*) the employment is directly related to his studies or educational training; and

(*b*) he was not, immediately before the commencement of his studies at the university or institution in the first-mentioned Contracting State, a resident of the Contracting State where the employment is exercised.

ARTICLE 22

**Teachers**

A professor or teacher who visits a Contracting State for the purpose of teaching at a university, college, school or other educational institution in that Contracting State, whose visit does not exceed two years and who is, or was immediately before that visit, a resident of the other Contracting State shall be exempt from tax in the first-mentioned Contracting State on any remuneration for such teaching in respect of which he is subject to tax in the other Contracting State.

ARTICLE 23

**Income not expressly mentioned**

Items of income of a resident of a Contracting State being income of a class or from sources not expressly mentioned in the foregoing Articles of this Convention shall be taxable only in that State.

ARTICLE 24

**Capital**

(1) Capital represented by immovable property, as defined in paragraph (2) of Article 7, 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 pertaining to a fixed base used for the performance of professional services, may be taxed in the Contracting State in which the permanent establishment or fixed base is situated.

(3) Notwithstanding the provisions of paragraph (2) of this Article, ships and aircraft operated in international traffic and movable property pertaining to the operation of such ships and aircraft shall be taxable only in the Contracting State of which the operator is a resident.

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

ARTICLE 25

**Partnerships concerned with shipping or air transport**

Notwithstanding the preceding provisions of this Convention, where ships or aircraft are operated in international traffic by a partnership which includes one or more partners resident in a Contracting State and one or more partners resident in the other Contracting State profits referred to in Article 9, capital gains referred to in paragraph (3) of Article 14 and capital referred to in paragraph (3) of Article 24, shall be taxable, in proportion to the share of the said partners, only in the Contracting State of which each such partner is a resident.

ARTICLE 26

**Elimination of double taxation**

(1) *Credit method—United Kingdom*

Subject to the provisions of the law of the United Kingdom regarding the allowance as a credit against United Kingdom tax of tax payable in a territory outside the United Kingdom (which shall not affect the general principle hereof):

(*a*) Norwegian tax payable under the laws of Norway and in accordance with this Convention, whether directly or by deduction, on profits, income or chargeable gains from sources within Norway (excluding in the case of a dividend, tax payable in respect of the profits out of which the dividend is paid) shall be allowed as a credit against any United Kingdom tax computed by reference to the same profits, income or chargeable gains by reference to which the Norwegian tax is computed;

(*b*) in the case of a dividend paid by a company which is a resident of Norway to a company which is a resident of the United Kingdom and which controls directly or indirectly at least 10 per cent of the voting power in the company paying the dividend, the credit shall take into account (in addition to any Norwegian tax creditable under the provisions of sub-paragraph (*a*) of this paragraph) the Norwegain tax payable by the company in respect of the profits out of which such dividend is paid.

(2) *Exemption method—Norway*

(*a*) Where a resident of Norway derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in the United Kingdom, Norway shall, subject to the provisions of sub-paragraph (*b*) of this paragraph, 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.

(*b*) Where a resident of Norway derives income which, in accordance with th provisions of Article 11 may be taxed in the United Kingdom, Norway shall allow a a deduction from the tax of the income of that person an amount equal to the tax pai in the United Kingdom. Such deduction shall not, however, exceed that part of th tax, as computed before the deduction is given, which is appropriate to the incom derived from the United Kingdom.

(*c*) Notwithstanding the provisions of sub-paragraph (*b*) of this paragraph dividend paid by a company which is a resident of the United Kingdom to a company being a resident of Norway which controls directly or indirectly at least 10 per cent of the votin power in the company paying the dividends shall be exempt from Norwegian tax.

(3) For the purposes of paragraph (1) of this Article income, profits and capita gains owned by a resident of the United Kingdom which may be taxed in Norway i accordance with this Convention shall be deemed to arise from sources in Norway

(4) Where profits on which an enterprise of a Contracting State has been charged t tax in that State are also included in the profits of an enterprise of the other State an the profits so included are profits which would have accrued to that enterprise of th other State if the conditions made between the enterprises had been those which woul have been made between independent enterprises dealing at arm's length, the amoun included in the profits of both enterprises shall be treated for the purposes of thi Article as income from a source in the other State of the enterprise of the first-mentione State and relief shall be given accordingly under the provisions of paragraph (1) o paragraph (2) of this Article.

ARTICLE 27

**Personal allowances**

(1) Subject to the provisions of paragraph (3) of this Article, individuals who ar residents of Norway shall be entitled to the same personal allowances, reliefs an reductions for the purposes of United Kingdom tax as British subjects not resident i the United Kingdom.

(2) Subject to the provisions of paragraph (3) of this Article, individuals who ar residents of the United Kingdom shall be entitled to the same personal allowances reliefs and reductions for the purposes of Norwegian tax as Norwegian nationals no resident in Norway.

(3) Nothing in this Convention shall entitle an individual who is a resident of a Contracting State and whose income from the other Contracting State consists solel of dividends, interest or royalties (or solely of any combination thereof) to the persona allowances, reliefs and reductions of the kind referred to in this Article for the purpose of taxation in that other Contracting State.

ARTICLE 28

**Non-discrimination**

(1) The nationals of a Contracting State shall not be subjected in the other Contract ing State to any taxation or any requirement connected therewith which is other o more burdensome than the taxation and connected requirements to which nationals o that other State in the same circumstances are or may be subjected.

(2) The taxation on a permanent establishment which an enterprise of a Contractin State has in the other Contracting State shall not be less favourably levied in that othe State than the taxation levied on enterprises of that other State carrying on the sam activities.

(3) Enterprises of a Contracting State, the capital of which is wholly or partly owne or controlled, directly or indirectly, by one or more residents of the other Contractin State, shall not be subjected in the first-mentioned Contracting State to any taxatio or any requirement connected therewith which is other or more burdensome than th taxation and connected requirements to which other similar enterprises of that first mentioned State are or may be subjected.

(4) In determining for the purpose of United Kingdom tax whether a company is a close company, the term "recognised stock exchange" shall include any stock exchange in Norway which is a stock exchange within the meaning of the Norwegian law relating to stock exchanges.

(5) Nothing contained in this Article shall be construed as obliging either Contracting State to grant to individuals not resident in that State any of the personal allowances, reliefs and reductions for tax purposes which are granted to individuals so resident, nor as conferring any exemption from tax in a Contracting State in respect of dividends paid to a company which is a resident of the other Contracting State.

(6) The provisions of this Article shall not be construed as obliging Norway to grant to nationals of the United Kingdom, not being nationals of Norway, the exceptional tax relief which is accorded to Norwegian nationals and individuals 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.

(7) In this Article the term "taxation" means taxes of every kind and description.

ARTICLE 29

**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.

(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.

ARTICLE 30

**Exchange of information**

The competent authorities of the Contracting States shall exchange such information (being information which is at their disposal under their respective taxation laws in the normal course of administration) as is necessary for carrying out the provisions of this Convention or for the prevention of fraud or the administration of statutory provisions against legal avoidance in relation to the taxes which are the subject of this Convention. Any information so exchanged shall be treated as secret but may be disclosed to persons (including a court or administrative body) concerned with assessment, collection, enforcement or prosecution in respect of taxes which are the subject of this Convention. No information shall be exchanged which would disclóse any trade, business, industrial or professional secret or any trade process.

ARTICLE 31

**Territorial extension**

(1) This Convention may be extended, either in its entirety or with modifications, to:

(*a*) any territory for whose international relations the United Kingdom is responsible and which imposes taxes substantially similar in character to those to which this Convention applies;

(*b*) any territory of Norway which is specifically excluded from the application of this Convention under the provisions of paragraph 1 (*b*) of Article 3, or other areas for which Norwegian tax legislation may apply, in which taxes are imposed which are substantially similar in character to those to which this 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.

(2) Unless otherwise agreed by both Contracting States, the termination of this Convention shall terminate the application of this Convention to any territory to which it has been extended under the provisons of this Article.

ARTICLE 32

**Entry into force**

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

(2) This Convention shall enter into force after the expiration of thirty days following the date on which the instruments of ratification are exchanged(a) and shall thereupon have effect:

(*a*) in the United Kingdom:

(i) as respects income tax (including surtax) and capital gains tax, for any year of assessment beginning on or after 6th April, 1968; and

(ii) as respects corporation tax, for any financial year beginning on or after 1st April, 1968;

(*b*) in Norway:

as respects taxes for any year of assessment beginning on or after 1st January, 1969 and chargeable on capital or income of the calendar year 1968 or thereafter (including accounting periods closed in any such year)

(3) Subject to the provisions of paragraph (4) of this Article the Convention between the Government of the United Kingdom and the Government of Norway for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed at London on 2nd May, 1951(b), as amended by the Protocol signed at London on 29th June, 1966(c) (hereinafter referred to as "the 1951 Convention"), shall cease to have effect as respects taxes to which this Convention in accordance with the provisions of paragraph (2) of this Article applies.

(4) Subject to the provisions of paragraph (5) of this Article where any provision of the 1951 Convention would have afforded any greater relief from tax any such provision as aforesaid shall continue to have effect:

(*a*) in the United Kingdom, for any year of assessment or financial year, and

(*b*) in Norway, for any income year (including an accounting period)

beginning, in either case, before the entry into force of this Convention.

(5) The provisions of sub-paragraphs (*a*) and (*b*) of paragraph (2) of this Article of paragraph (3) of this Article and of paragraph (4) of this Article shall not apply in relation to dividends but the provisions of this Convention shall have effect, and the provisions of the 1951 Convention shall cease to be effective, in relation to dividends payable on or after the expiration of sixty days following the date of entry into force of this Convention.

(a) Instruments of ratification were exchanged on 17th December 1969.
(b) S.I. 1951/1798 (1951 I, p.1112). (c) S.I. 1967/1488 (1967 III, p.4195).

(6) The Agreement between the Government of the United Kingdom and the Government of Norway for the Reciprocal Exemption from Income Tax in certain cases of Profits accruing from the Business of Shipping, signed at London on 18th December, 1924(a), and the Agreement between the Government of the United Kingdom and the Government of Norway for the Reciprocal Exemption from Taxes in certain cases of Profits or Gains arising through an Agency, signed at London on 21st December, 1938(b), shall not have effect:

(*a*) in Norway, for the period for which this Convention has effect in that country;

(*b*) in the United Kingdom, in relation to any tax for any period for which this Convention has effect as respects that tax.

(7) The 1951 Convention shall terminate on the last date on which it has effect in accordance with the foregoing provisions of this Article.

(8) This Convention shall not affect any Agreement in force extending the 1951 Convention in accordance with Article XX thereof.

ARTICLE 33

**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 1972. In such event, the Convention shall cease to have effect:

(*a*) in the United Kingdom:

(i) as respects income tax (including surtax) and capital gains tax, for any year of assessment beginning on or after 6th April in the calendar year next following that in which the notice is given:

(ii) as respects corporation tax, for any financial year beginning on or after 1st April in the calendar year next following that in which the notice is given;

(*b*) in Norway:

as respects taxes for any year of assessment chargeable on capital or income of the calendar year (including accounting periods closed in any such year) next following that year in which the notice is given.

In witness whereof the undersigned, duly authorised thereto by their respective Governments, have signed this Convention.

Done in duplicate at London this 22nd day of January 1969, in the English and Norwegian languages, both texts being equally authoritative.

For the Government of the United Kingdom of Great Britain and Northern Ireland:

CHALFONT

For the Government of the Kingdom of Norway:

PAUL KOHT

(a) S.R. & O. 1925/103 (Rev. X, p.472: 1925 p.600).
(b) S.R. & O. 1939/1319 (Rev. X, p. 469: 1939 II, p.1734).

## EXPLANATORY NOTE

*(This Note is not part of the Order.)*

Under the Convention with Norway scheduled to this Order (which is to replace the Convention signed in London on 2nd May 1951 as amended by the Protocol signed in London on 29th June 1966), shipping and air transport profits, certain trading profits not arising through a permanent establishment, interest, royalties, pensions (other than Government pensions) and the earnings of temporary business visitors are (subject to certain conditions) to be taxed only in the country of the taxpayer's residence. Government salaries and pensions are normally to be taxed by the paying government only. The remuneration of visiting teachers and professors, and payments made for the maintenance of visiting students are (subject to certain conditions) to be exempt in the country visited. Capital gains arising from the disposal of movable property are normally to be taxed only in the country of the taxpayer's residence unless they arise from the disposal of assets of a permanent establishment which the taxpayer has in the other country.

The rate of tax in the source country on dividends paid to residents of the other country is, in general, not to exceed 5 per cent if the recipient is a company which controls at least 25 per cent of the voting power in the paying company, or 15 per cent in other cases.

Where income continues to be taxable in both countries, relief from double taxation is to be given by the country of the taxpayer's residence. In the case of a dividend paid by a Norwegian company, credit for the tax on the profits out of which the dividend is paid is to be given for United Kingdom tax purposes where the recipient of the dividend is a United Kingdom company which controls at least 10 per cent of the voting power in the paying company.

There are provisions safeguarding nationals and enterprises of one country against discriminatory taxation in the other country, and for the exchange of information and consultation between the taxation authorities of the two countries.

The Convention is in general to take effect in the United Kingdom for 1968-69 and subsequent years.

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