

1	2	3	4
selling establishment or regular agency.			
8. Dividends.	By each Dominion in proportion to the profits of the company chargeable by each Dominion under this agreement.	(As in preceeding column).	Relief in respect of any excess income deemed to be paid by the share-holder shall be allowed by each Dominion in proportion to the profit of the company chargeable by each under this agreement.
9. Any income derived from a source or category of transactions not mentioned in any of the foregoing items of this Schedule.	100% by the Dominion in which the income actually accrues or arises.	Nil by the other.	

INDIA AND CEYLON

Agreement for Relief from or the Avoidance of Double Taxation of Income between the Government of India and the Government of Ceylon. (Extracts)

ARTICLE III

Each country shall make assessment in the ordinary way under its own laws: and where either country under the operation of its laws charges any income from the sources or categories of transactions specified in column 1 of the Schedule to this Agreement (hereinafter referred to as the Schedule) in excess of the amount calculated according to the percentages specified in columns II and III thereof, that country shall allow an abatement equal to the lower of the amounts of tax attributable to such excess in either country.

ARTICLE IV

Where any income accruing or arising outside the two countries is chargeable to tax in both the countries, each country shall allow an abatement equal to one half of the lower amount of tax attributable in either country to such doubly taxed income.

THE SCHEDULE
(See Article III)

Source of income or nature of transaction from which income is derived.	Percentage of income which each country is entitled to charge under the Agreement.	Remarks
1	2	4
1. (a) Salaries including pension paid by employers other than Government.	100 per cent by the Country in which the salary is earned by service.	Nil by the other.
(b) Salaries including pension paid by Government.	100 per cent by the country which pays the salary.	Nil by the other.
2. (a) Interest on securities issued by the Central Government or a State Government in India.	100 per cent by India.	Nil by Ceylon.

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|---|---|-------------------|
| (b) Interest on securities issued by the Government of Ceylon. | 100 per cent by Ceylon. | Nil by India. |
| (c) Interest on securities other than Government Securities. | 100 per cent by the country in which the local authority or company issuing the securities is situated. | |
| 3. Income from house property. | 100 per cent by the country in which the property is situated. | Nil by the other. |
| 4. Income from profession or vocation. | 100 per cent by the country in which the services are rendered. | Nil by the other. |
| 5. (a) Rent or royalty from lease or hire of property. | | |
| (b) Rent or royalty or licence fees or any like consideration arising | 100 per cent by the country in which the property is situated. | Nil by the other. |

"Property" in sub-items (a), (b), (c) and (e) herein shall not

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1	2	3	4
from rights granted in respect of property.			include house property referred to in item 3 above.
(c) Rent or royalty or any like consideration arising from any interest in property.			
(d) Profits or gains from dealings in property or any interest in property.			
(e) Rent or royalty for the use of or for the privilege of using patents, copyrights, goodwill, trade marks and other like property.	100 per cent by the country in which the asset is used.	Nil by the other.	
(f) Interest derived from money lent in one country in which the	100 per cent by the country in which the	Nil by the other.	

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- country and utilised by the borrower in the other. money is utilised.
- (g) Transport by Sea or Air. 100 per cent by the country in which the traffic originates. Nil by the other.
6. (a) Goods manufactured or purchased in one country and sold to a buyer in the other country without having a branch or regular agency in the latter country. 100 per cent by the country in which the goods are manufactured or purchased. Nil by the other.
- (b) Goods manufactured by or on behalf of a person in one country and sold by him in the other country through 50 per cent by each country. 50 per cent by each country.

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1	2	3	4
a branch or regular agency.			
(c) Goods purchased by a merchant in one country and sold through a branch or regular agency in the other country.	33 $\frac{1}{3}$ per cent by the goods are purchased.	66 $\frac{2}{3}$ per cent by the other.	
(d) Goods purchased through a buying establishment in one country and sold by a merchant in other country.	12 $\frac{1}{2}$ per cent by the goods are purchased.	87 $\frac{1}{2}$ per cent by the other.	
(e) Metal ores, minerals, mineral oils and forest produce extracted in one country and sold to a purchaser in the other	100 per cent by the country in which minerals are extracted.	Nil by the other.	

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without any further manufacturing process and without a branch or regular agency in the latter country.

- (f) As above but sold in the other country through a branch or regular agency in that country.
- | | |
|---|---|
| 75 per cent by the country in which minerals are extracted. | 25 per cent by the country in which sales are made. |
|---|---|
7. (a) Films produced in one country and sold to a purchaser in the other without any further process and without having an agency in the latter country.
- | | |
|--|-------------------|
| 100 per cent by the country of production. | Nil by the other. |
|--|-------------------|
- (b) Films produced in one country and exhibited by the producer in the
- | | |
|------------------------------|------------------------------|
| 50 per cent by each country. | 50 per cent by each country. |
|------------------------------|------------------------------|

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1	2	3	4
other country through a regular agency in that country.			
(c) Films exhibited in one country by distributors (other than producers) in the other country.	75 per cent by the country in which they are exhibited.	25 per cent by the other.	
8. Any income derived from a source or category of transactions not mentioned in any of the foregoing items of the Schedule.	100 per cent by the country in which the income actually accrues or arises.	Nil by the other.	

INDIA AND JAPAN

Agreement between India and Japan for the Avoidance of Double Taxation in respect of Taxes on Income. (Extracts)

ARTICLE III

1. The industrial or commercial profits (excluding the profits derived from the operation of ships or aircraft) of an enterprise of one of the Contracting States shall not be subjected to tax in the other Contracting State unless the enterprise has a permanent establishment, situated in that other Contracting State. If it has such permanent establishment, the profits attributable thereto may be subjected to tax in that other Contracting State.

ARTICLE V

1. The profits which an enterprise of one of the Contracting States derives from the operation of aircraft shall not be subjected to tax in the other Contracting State unless the aircraft are operated wholly or mainly between places within that other Contracting State.

2. The amount of tax imposed by one of the Contracting States on profits which an enterprise of the other Contracting State derives from the operation of ships shall be reduced by an amount equal to fifty per cent thereof unless the ships are operated wholly or mainly between places within the former Contracting State.

ARTICLE VI

1. (a) Salaries, wages, pensions or similar remuneration paid by or paid out of funds created by the Government of India or any political sub-division thereof or any local authority of India, to an individual who is a national of India (other than an

individual who has been admitted to Japan for permanent residence therein) in respect of services rendered to such governments or local authority shall not be subjected to tax in Japan.

(b) Salaries, wages, pensions or similar remuneration paid by the Government of Japan or any local authority of Japan or paid out of funds to an individual who is a national of Japan (other than an individual who has been admitted to India for permanent residence therein) in respect of services rendered to such government or local authority shall not be subjected to tax in India.

ARTICLE XI

1. The laws in force in either of the Contracting States will continue to govern the taxation of income in the respective Contracting States except where provisions to the contrary are made in the present Agreement.

2. The amount of Japanese tax payable, under the laws of Japan and in accordance with the provisions of the present Agreement whether directly or by deduction, by a resident of India, in respect of income from sources within Japan which has been subjected to tax both in India and Japan, shall be allowed as a credit against Indian tax payable in respect of such income, but in an amount not exceeding that proportion of Indian tax which such income bears to the entire income chargeable to Indian tax.

3. (a) The amount of Indian tax payable, under the laws of India and in accordance with the provisions of the present Agreement whether directly or by deduction by a tax payer in Japan, in respect of income from sources within India which has been subjected to tax both in India and Japan, shall be allowed as a credit against Japanese tax payable in respect of such income, but in an amount not exceeding that proportion of Japanese tax which such income bears to the entire income chargeable to Japanese tax.

(b) For the purposes of the credit referred to in paragraph (a) above, there shall be deemed to have been paid by the tax payer the amount by which Indian tax has been reduced by the special incentive measures designed to promote economic development in India, set forth in the following sections of the Indian Income-tax Act, 1922 (11 of 1922), provided that the scope of the benefit accorded to the tax-payer by the said measures effective on the date of signature of the present Agreement is not increased:

- (i) Section 4 (3) (XVIIb) relating to exemption from tax of interest payable on money borrowed abroad.
- (ii) Section 10 (2) (VI b)-relating to development rebate.
- (iii) Section 15C-relating to exemption from tax of newly established industrial undertakings.
- (iv) Section 56A-relating to exemption from super tax of dividends received by corporations from Indian companies engaged in certain basic industrial undertakings.

JAPAN AND PAKISTAN

Convention between Japan and Pakistan for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (Extracts)

ARTICLE III

1. The industrial or commercial profits of an enterprise of one of the contracting States shall not be subject to the tax in the other contracting State unless the enterprise has a permanent establishment situated in the other contracting State. If it has such permanent establishment, the tax may be imposed by that other contracting State upon the entire income of that enterprise from sources within that other contracting State.

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4. The industrial or commercial profits derived from the sale of goods other than the goods referred to in paragraph (5) below by an enterprise in one of the contracting States shall, for the purposes of the application of this Article, be treated-

- (a) in Pakistan, as derived in part from the country in which such goods are purchased and in part from the country in which such goods are sold, and
- (b) in Japan, as derived from the country in which such goods are sold.

5. The industrial or commercial profits derived from sale by an enterprise in one of the contracting States of goods manufactured in the other contracting State in whole or in part by that enterprise shall, for the purposes of the application of this Article be treated as derived in part from the country in which the goods are manufactured and in part from the country in which the goods are sold.

6. The competent authorities of both the contracting States may, consistent with the provisions of the present Convention, arrange details for the apportionment of industrial or commercial profits.

ARTICLE V

Notwithstanding the provisions of Article III and Article IV of the present Convention, income which an enterprise of one of the contracting States derives from the operation of aircraft registered—

- (a) in either contracting State, or
- (b) in any third country which exempts (i) that enterprise and (ii) an enterprise of the other contracting State from its tax on earnings derived from the operation of aircraft registered in the respective States,

shall be exempt from the tax of that other contracting State, unless the aircraft is operated wholly or mainly between places within that other contracting State.

ARTICLE VI

1. Where a Japanese corporation or a group of Japanese corporations, being a public company or a group of public companies, as the case may be, owns not less than one-third of the voting shares of a Pakistan company engaged in an industrial undertaking, the rate of Pakistan super-tax on dividends paid to the Japanese corporation by the Pakistan company shall be reduced by one anna in the rupee (i. e. 6.25 per cent), if the recipient of the dividends has no permanent establishment in Pakistan.

2. The provisions of section 23-A of the Pakistan Income-Tax Act relating to the compulsory distribution of profits shall not apply to the income of a Pakistan company more than one-third voting shares of which are owned by a Japanese corporation or a group of Japanese corporations, being a public company or a group of public companies, as the case may be, if the Pakistan company is engaged in an industrial undertaking and its profits are retained in Pakistan for its industrial development and expansion in Pakistan.

3. Where a Pakistan company or a group of Pakistan companies owns not less than one-third of the voting shares of a Japanese corporation, the rate of Japanese tax on dividends paid to the Pakistan company by the Japanese corporation shall not exceed 15 per cent, if the recipient of the dividends has no permanent establishment.

ARTICLE VII

1. Royalties paid as consideration for using, or for the right to use, copyrights, patents, designs, secret processes and formulae, trade-marks or other like property and royalties or rentals in respect of motion picture films and films for use in

connection with television in one of the contracting States shall be treated as income from sources within that contracting State and shall be taxable by that contracting State.

2. Notwithstanding the provisions of paragraph (1) of the present Article, royalties or rentals mentioned therein derived from sources within one of the contracting States, by a resident or a corporation of the other contracting State, not having a permanent establishment in the former contracting State, shall be exempt from the tax of the former contracting State.

3. Where any royalty or rental exceeds a fair and reasonable consideration in respect of the rights for which it is paid, the exemption provided by the present Article shall apply only to so much of the royalty or rental as represents such fair and reasonable consideration.

ARTICLE VIII

1. The Government of one of the contracting States shall be exempt from the tax of the other contracting State with respect to interest on loans or dividends received by that Government from sources within that other contracting State.

2. The Export and Import Bank of Japan and the State Bank of Pakistan shall be exempt from the tax of the other contracting State with respect to interest on loans or dividends from sources within Pakistan and Japan respectively.

3. Any financial institution owned by one of the contracting States shall be exempt from the tax of the other contracting State with respect to interest on loans or dividends received by that institution from sources within that other contracting State.

ARTICLE IX

1. Salaries, wages, pensions or similar remuneration paid by one of the contracting States in respect of services rendered

to that contracting State in the discharge of governmental functions to any individual who is a national of that contracting State (other than an individual who has been admitted to the other contracting State for permanent residence therein) shall be exempt from the tax of the other contracting State.

2. The provisions of the present Article shall not apply to salaries, wages, pensions or similar remuneration paid in respect of services rendered in connection with any trade or business carried on by either of the contracting States for the purposes of profit.

ARTICLE XIII

1. Interest on—

(a) bonds or debentures issued by one of the contracting States, including local Governments thereof, or by a corporation or other entity of one of the contracting States, or

(b) deposits made in one of the contracting States, or

(c) loans in connection with trade, business or other transactions carried on in one of the contracting States, shall be treated as income from sources within that contracting State and shall be taxable by that contracting State.

2. Income derived from real property situated in one of the contracting States by a resident or corporation of the other contracting State shall be treated as income derived from sources within the former contracting State and shall be taxable by that contracting State.

ARTICLE XIV

1. Pakistan, in determining Pakistan tax on its residents (including an individual, who is resident in Pakistan for the purposes of Pakistan tax and also resident in Japan for the purposes of Japanese tax) or Pakistan companies may include in the basis upon which that tax is imposed all items of income

taxable under the laws of Pakistan. The amount of Japanese tax payable under the laws of Japan and in accordance with the provisions of the present Convention, whether directly or by deduction, in respect of income from sources within Japan and subject to the taxes of both contracting States shall however, be allowed as a credit against Pakistan tax payable in respect of that income, but in an amount not exceeding that proportion of Pakistan tax which that income bears to the entire income subject to Pakistan tax.

2. Japan, in determining Japanese tax on its residents (including an individual who is resident in Japan for the purposes of Japanese tax and also resident in Pakistan for the purposes of Pakistan tax) or Japanese corporations may include in the basis upon which that tax is imposed all items of income taxable under the laws of Japan. The amount of Pakistan tax payable under the laws of Pakistan and in accordance with the provisions of the present Convention, whether directly or by deduction, in respect of income from sources within Pakistan and subject to taxes of both contracting States shall, however, be allowed as credit against Japanese tax payable in respect of that income but in an amount not exceeding that proportion of Japanese tax which that income bears to the entire income subject to Japanese tax.

ARTICLE XV

1. The competent authorities of the contracting States shall exchange such information available under their respective tax laws in the normal course of administration as is necessary for carrying out the provisions of the present Convention or for the prevention of fraud or for the administration of the statutory provisions against tax avoidance in relation to the tax. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than those concerned with the assessment and collection of the tax or the determination of appeal in relation thereto or a court of law, in accordance with the laws of the respective contracting States. No

information shall be exchanged which would disclose any trade, business, industrial or professional secret or any trade process.

2. Each of the contracting States may collect the tax imposed by the other contracting State (as though such tax were the tax of the former State) as will ensure that the exemptions, reduced rates of tax or any other benefit granted under the present Convention by that other contracting State shall not be enjoyed by persons not entitled to such benefits.

INDIA AND SWEDEN

Agreement between the Government of India and the Royal Government of Sweden for the Avoidance of Double Taxation of Income. (Extracts)

ARTICLE V

1. Income derived from the operation of aircraft by an enterprise of one of the territories shall not be taxed in the other territory, unless the aircraft is operated wholly or mainly between places within that other territory—

2. Paragraph (1) shall likewise apply in respect of participations in pools of any kind by enterprises engaged in air transport.

ARTICLE VI

1. When a resident of Sweden operating ships derives profits from India through such operations carried on in India such profits shall be subject to tax in Sweden as well as in India; but the tax so charged in India shall be reduced by an amount equal to two-thirds of the tax so charged, and the reduced amount of Indian tax payable on the profits shall be allowed as a credit against any Swedish tax charged on income accrued to or received by the resident of Sweden during the year in which such reduced Indian tax was paid.

2. When a resident of India, operating ships, derives profits from Sweden through such operations carried on in Sweden, such profits shall be subject to tax in India as well as in

Sweden; but the tax so charged in Sweden shall be reduced by an amount equal to two-thirds of the tax so charged, and the reduced amount of Swedish tax payable on the profits shall be allowed as a credit against any Indian tax charged, in respect of such income.

3. Paragraphs 1 and 2 shall not apply to profits arising as a result of coastal traffic.

ARTICLE VII

Royalties derived by a resident of one of the territories from sources in the other territory may be taxed only in that other territory.

ARTICLE VIII

Dividends paid by a company which is a resident of one of the territories to a resident of the other territory may be taxed only in the first-mentioned territory.

ARTICLE IX

Interest on bonds, securities, notes, debentures or any other form of indebtedness, derived by a resident of one of the territories from sources in the other territory may be taxed only in that other territory.

ARTICLE X

Income from immovable property may be taxed only in the territory in which the property is situated. For this purpose any rent or royalty or other income derived from the operation of a mine, quarry or any other extraction of natural resources shall be regarded as income from immovable property.

ARTICLE XI

Capital gains derived from the sale, exchange or transfer of a capital asset, whether movable or immovable, may be taxed only in the territory in which the capital asset is situated at the time of such sale, exchange or transfer.

ARTICLE XII

1. Remuneration other than pensions and annuities paid in Sweden for services rendered therein out of public funds of India shall not be taxed in Sweden unless the payment is made to a national of Sweden.

2. Remuneration other than pensions and annuities paid in India for services rendered therein out of public funds of Sweden shall not be taxed in India unless the payment is made to a national of India.

3. The provisions of paragraphs 1 and 2 of this Article shall not apply to payments in respect of services in connection with any trade or business carried on by either of the Contracting Parties or political sub-divisions thereof for purposes of profit.

4. The provisions of paragraphs 1 and 2 of this Article shall also apply to remuneration other than pensions and annuities paid by the Reserve Bank of India, the Public Railways Authorities and the Postal Administration of India and by *Sveriges Riksbank, statens, jarvagar, postverket and televerket*.

ARTICLE XIII

Any pension or annuity derived by a resident of one of the territories from sources in the other territory may be taxed only in that other territory.

ARTICLE XIV

Profits or remuneration for professional services or for services as an employee (including services as a director) performed in one of the territories by an individual who is a resident of the other territory may be taxed only in the territory in which such services are performed.

ARTICLE XVII

1. The laws in force in either of the territories will continue to govern the assessment and taxation of income in the

respective territories except where express provision to the contrary is made in this Agreement.

2. Subject to the provision of Article VI, income from sources within Sweden which under the laws of Sweden and in accordance with this Agreement is subject to tax in Sweden either directly or by deduction shall not be subject to Indian tax.

3. Subject to the provision of Article VI, income from sources within India which under the laws of India and in accordance with this Agreement is subject to tax in India either directly or by deduction shall not be subject to Swedish tax.

4. The graduated rate of Swedish tax to be imposed on residents of Sweden and the graduated rate of Indian tax to be imposed on residents of India may be calculated as though income which under this Agreement is not subjected to Swedish or Indian tax, as the case may be, were included in the amount of the total income.

INDIA AND NORWAY

Agreement between the Government of India and the Government of Norway for the Avoidance of Double Taxation of Income. (Extracts)

ARTICLE VI

1. When a resident of Norway, operating ships, derives profits from India through such operations carried on in India, such profits shall be subject to tax in Norway as well as in India but the tax so charged in India shall be reduced by an amount equal to 50% of the tax so charged, and the reduced amount of Indian tax payable on the profits shall be allowed as a credit against Norwegian tax charged on income accrued to or received by the resident of Norway during the year in which such reduced Indian tax was paid.

2. When a resident of India, operating ships, derives profits from Norway through such operations carried on in

Norway, such profits shall be subject to tax in India as well as in Norway; but the tax so charged in Norway shall be reduced by an amount equal to 50% of the tax so charged and the reduced amount of Norwegian tax payable on the profits shall be allowed as a credit against Indian tax charged in respect of such income.

3. Paragraphs 1 and 2 shall not apply to profits arising as a result of coastal traffic.

ARTICLE XVII

1. The laws in force in either of the territories will continue to govern the assessment and taxation of income in the respective territories except where express provision to the contrary is made in this agreement.

2. Subject to the provision of Article VI, income from sources within Norway which under the laws of Norway and in accordance with this Agreement is subject to tax in Norway either directly or by deduction shall not be subject to Indian tax.

3. Subject to the provision of Article VI, income from sources within India which under the laws of India and in accordance with this Agreement is subject to tax in India either directly or by deduction shall not be subject to Norwegian tax.

4. The graduated rate of Norwegian tax to be imposed on residents in Norway and the graduated rate of Indian tax to be imposed on residents of India may be calculated as though income which under this Agreement is not subjected to Norwegian or Indian tax as the case may be, were included in the amount of the total income.

INDIA AND DENMARK

Agreement between the Governments of India and Denmark for the Avoidance of Double Taxation of Income. (Extracts)

ARTICLE VI

1. When a resident of Denmark, operating ships, derives profits from India through such operations carried on in India,

such profits shall be subject to tax in Denmark as well as in India; but the tax so charged in India shall be reduced by an amount equal to fifty per cent thereof, and the reduced amount of Indian tax payable on the profits shall be allowed as a credit against Danish tax charged in respect of such income.

2. When a resident of India, operating ships, derives profits from Denmark through such operations carried on in Denmark, such profits shall be subject to tax in India as well as in Denmark; but the tax so charged in Denmark shall be reduced by an amount equal to fifty per cent thereof, and the reduced amount of Danish tax payable on the profits shall be allowed as a credit against Indian tax charged in respect of such income.

3. Paragraphs 1 and 2 shall not apply to profits arising as a result of coastal traffic.

ARTICLE XVII

1. The laws in force in either of the territories will continue to govern the assessment and taxation of income in the respective territories except where express provision to the contrary is made in this Agreement.

2. Subject to the provisions of Article VI income from sources within Denmark which under the laws of Denmark and in accordance with this Agreement is subject to tax in Denmark either directly or by deduction shall not be subject to Indian tax.

3. Subject to the provisions of Article VI income from sources within India which under the laws of India and in accordance with this Agreement is subject to tax in India either directly or by deduction shall not be subject to Danish tax.

4. Notwithstanding the provisions of paragraphs 2 and 3 of this Article, the items of income which under the laws of the two territories should be taken into account for calculating the rate of tax to be imposed shall continue to be so taken into account.

CEYLON-SWEDEN

Convention between the Government of Ceylon and the Royal Government of Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income. (Extracts)

ARTICLE V

1. When a resident of Sweden, operating ships or aircraft, derives profits from Ceylon through such operations carried on in Ceylon, such profits shall be subject to tax in Sweden as well as in Ceylon; but the tax so charged in Ceylon shall be reduced by an amount equal to 50 per cent of the tax so charged and the reduced amount of Ceylon tax payable on the profits shall be allowed as a credit against any Swedish tax charged on income accrued to or received by the resident of Sweden during the year in which such reduced Ceylon tax was paid.

2. When a resident of Ceylon, operating ships or aircrafts, derives profits from Sweden through such operations carried on in Sweden, such profits shall be subject to tax in Ceylon as well as in Sweden; but the tax so charged in Sweden shall be reduced by an amount equal to 50 per cent of the tax so charged, and the reduced amount of Swedish tax payable on the profits shall be allowed as a credit against any Ceylon tax charged in respect of such income.

ARTICLE XIV

1. Income from sources within Sweden which under the laws of Sweden and in accordance with this Convention is subject to tax in Sweden either directly or by deduction shall be exempt from Ceylon tax, in all cases when in the present Convention it has not been otherwise prescribed.

2. Income from sources within Ceylon which under the laws of Ceylon and in accordance with this Convention is subject to tax in Ceylon either directly or by deduction shall be exempt from Swedish tax, in all cases when in the present Convention it has not been otherwise prescribed.

3. The graduated rate of Swedish tax to be imposed on residents of Sweden and the graduated rate of Ceylon tax to be imposed on residents of Ceylon may be calculated as though income exempted under this Convention were included in the amount of the total income.

ARTICLE XV

The competent authorities of the Contracting Governments 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 the present Convention or for the prevention of fraud or for the administration of statutory provisions against legal avoidance in relation to the taxes which are the subject of present Convention. Any information so exchanged shall be treated as secret and shall not be disclosed to any persons other than those concerned with the assessment and collection of the taxes which would disclose any trade, business, industrial or professional secret or trade process.

JAPAN AND SWEDEN

Convention between Japan and Sweden for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income (Extracts)

ARTICLE III

The industrial or commercial profits of an enterprise of one of the contracting States shall not be subject to tax in the other contracting State unless the enterprise has a permanent establishment situated in that other contracting State. If it has such permanent establishment, tax may be imposed by that other contracting State on all industrial or commercial profits of that enterprise from sources within the other contracting State.

ARTICLE V

Notwithstanding the provisions of Articles III and IV,

profits which an enterprise of one of the contracting States derives from the operation of ships or aircraft registered

- (a) in that contracting State or in the other contracting State, or
 - (b) in any third country which exempts from its tax profits derived from the operation of ships or aircraft registered in that other contracting State
- shall be exempt from the tax of that other contracting State.

ARTICLE VI

The amount of tax imposed by one of the contracting States on royalty derived from sources within that contracting State by a resident or corporation of the other contracting State, not having a permanent establishment situated in the former contracting State, shall not exceed 15 per cent of the amount of such property.

ARTICLE VII

1. The amount of tax imposed by one of the contracting States on dividends paid by a corporation of that contracting State to a resident or corporation of the other contracting State, not having a permanent establishment situated in the former contracting State, shall not exceed 15 per cent of the amount of such dividends.

2. Dividends paid by a Japanese corporation to a Swedish corporation shall be exempt from Swedish tax; provided that in accordance with the laws of Sweden the dividends would be exempt from tax if both corporations had been Swedish corporations.

3. Where a corporation of one of the contracting States derives profits or income from sources within the other contracting State there shall not be imposed in that other contracting State any form of taxation on dividends paid by the corporation unless paid to a resident or corporation of that

other contracting State, or any tax in the nature of undistributed profits tax on undistributed profits of the corporation, whether or not those dividends or undistributed profits represent, in whole or in part, profits or income so derived.

4. Dividends paid by a corporation of one of the contracting States shall be treated as income from sources within that contracting State.

ARTICLE VIII

The amount of tax imposed by one of the contracting States on any interest derived from sources within that contracting State by a resident or corporation of the other contracting State, not having a permanent establishment situated in the former contracting State, shall not exceed 15 per cent of the amount of such interest.

ARTICLE IX

Salaries, wages, pensions or similar compensation paid by one of the contracting States in respect of services rendered to that contracting State in the discharge of governmental functions to any individual who is a national of that contracting State shall be exempt from tax in the other contracting State.

ARTICLE X

An individual who is a resident of one of the contracting States shall be exempt from tax in the other contracting State on remuneration for personal (including professional) services performed within that other contracting State in any taxable year if –

- (a) he is present within that other contracting State for a period not exceeding in the aggregate 183 days during that taxable years, and
- (b) the services are performed for or on behalf of a resident or corporation of the former contracting State.

ARTICLE XV

1. Japan, in determining Japanese tax on its resident (including an individual, who is resident in Japan for the purposes of Japanese tax but also resident in Sweden for the purposes of Swedish tax) or corporation may include in the basis upon which that tax is imposed all items of income taxable under the laws of Japan. The amount of Swedish tax payable under the laws of Sweden and in accordance with the provisions of the present Convention, whether directly or by deduction, in respect of income from sources within Sweden and subject to the taxes of both contracting States shall, however, be allowed as a credit against Japanese tax payable in respect of that income, but in an amount not exceeding that proportion of Japanese tax which that income bears to the entire income subject to Japanese tax. The foregoing provisions shall not, however, be construed to preclude the application of the provisions of Articles IX, XI and XII.

2. Income from sources within Japan which under the laws of Japan and in accordance with the provisions of the present Convention is subject to Japanese tax, whether directly or by deduction, shall be exempt from Swedish tax :

Provided that where such income, being income of a kind to which the provisions of Article VI, paragraphs 1 and 4, and Article VIII, paragraph 1, of the present Convention are applicable, is paid to a resident or a corporation of Sweden, Swedish tax may be charged on the gross amount of such income but the amount of Swedish tax chargeable shall be reduced by a sum not exceeding 15 per cent of the amount of the income so charged.

Provided further that where the income is a dividend, to which the provisions of Article VII, paragraph 1 are applicable and the dividend is paid by a Japanese corporation to a resident of Sweden or to a Swedish corporation