

**AGREEMENT BETWEEN THE TAIPEI MISSION IN SWEDEN AND  
THE SWEDISH TRADE COUNCIL FOR THE AVOIDANCE OF  
DOUBLE TAXATION AND THE PREVENTION OF FISCAL  
EVASION WITH RESPECT TO TAXES ON INCOME**

In order to maintain and promote bilateral economic and commercial relations, the Taipei Mission in Sweden and the Swedish Trade Council have agreed to work towards achieving the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income.

In this respect the Taipei Mission in Sweden and the Swedish Trade Council have agreed on the usefulness to set up certain rules concerning taxes with a view to avoiding double taxation and preventing fiscal evasion with respect to taxes on income.

The Taipei Mission in Sweden and the Swedish Trade Council, being most desirous of implementing this Agreement subject to their legal requirements in the respective territories, will work towards achieving the rules to be applied,

Have agreed as follows:

**Article 1 Personal scope**

This Agreement shall apply to persons who are residents of one or both of the territories.

**Article 2 Taxes covered**

1. The existing taxes to which this Agreement shall apply are:

- (a) In the territory in which the taxation laws administered by the National Tax Board (Riksskatteverket) are applied:
  - (i) the national income tax (den statliga inkomstskatten);
  - (ii) the withholding tax on dividends (kupongskatten);
  - (iii) the income tax on non-residents (den sarskilda inkomstskatten for utomlands bosatta);
  - (iv) the income tax on non-resident artistes and athletes (den sarskilda inkomstskatten for utomlands bosatta artister m.fl.);
  - and
  - (v) the municipal income tax (den kommunala inkomstskatten);
- (b) in the territory in which the taxation laws administered by the taxation authorities in Taipei are applied:  
the profit seeking enterprise income tax and the individual consolidated income tax.

2. The Agreement shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of the Agreement in addition to, or in place of, the existing taxes. The competent authorities of the territories shall notify each other of any significant changes which have been made in their respective taxation laws.

### **Article 3 General definitions**

1. For the purposes of this Agreement, unless the context otherwise requires:
  - (a) the term "territory" means the territory referred to in subparagraph 1(a) or 1(b) of Article 2, as the context requires;
  - (b) the term "person" includes an individual, a company and any other body of persons;
  - (c) the term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;
  - (d) the terms "enterprise of a territory" and "enterprise of the other territory" mean respectively an enterprise carried on by a resident of a territory and an enterprise carried on by a resident of the other territory;
  - (e) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a territory, except when the ship or aircraft is operated solely between places in the other territory;
  - (f) the term "competent authority" means:
    - (i) in the territory in which the taxation laws administered by the taxation authorities in Taipei are applied, the Director-General of the Department of Taxation or an authorized representative of the Director-General;
    - (ii) in the territory in which the taxation laws administered by the National Tax Board (Riksskatteverket) are applied, the National Tax Board (Riksskatteverket) or the authority which is designated as a competent authority for the purposes of this Agreement.
2. As regards the application of the Agreement at any time by a territory, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that territory for the purposes of the taxes to which the Agreement applies, any meaning under the applicable tax laws of that territory prevailing over a meaning given to the term under other laws of that territory.

### **Article 4 Resident**

1. For the purposes of this Agreement, the term "resident of a territory"

means any person who, under the laws of that territory, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature. However, in the case of a partnership or estate the term applies only to the extent that the income derived by such partnership or estate is subject to tax in that territory as the income of a resident, either in its hands or in the hands of its partners or beneficiaries.

2. A person is not a resident of a territory for the purposes of this Agreement if the person is liable to tax in that territory in respect only of income from sources in that territory, provided that this paragraph shall not apply to individuals who are residents of the territory referred to in sub-paragraph 1(b) of Article 2, as long as resident individuals are taxed only in respect of income from sources in that territory.
3. Where by reason of the provisions of paragraph 1 an individual is a resident of both territories, then his status shall be determined as follows:
  - (a) he shall be deemed to be a resident only of the territory in which he has a permanent home available to him; if he has a permanent home available to him in both territories, he shall be deemed to be a resident only of the territory with which his personal and economic relations are closer (centre of vital interests);
  - (b) if the territory 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 territory, he shall be deemed to be a resident only of the territory in which he has an habitual abode;
  - (c) if he has an habitual abode in both territories or in neither of them, the competent authorities of the territories shall endeavour to settle the question by mutual agreement.
4. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both territories, then it shall be deemed to be a resident only of the territory in which its place of incorporation is situated.

#### **Article 5 Permanent establishment**

1. For the purposes of this Agreement, the term " permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.
2. The term "permanent establishment" includes especially:
  - (a) a place of management;
  - (b) a branch;
  - (c) an office;
  - (d) a factory;

- (e) a workshop;
  - (f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources; and
  - (g) the furnishing of services, including consultancy services, in a territory by an enterprise of the other territory through employees or other personnel engaged by the enterprise for such purpose, but only where those activities (for the same or a connected project) within the first-mentioned territory continue for a period or periods aggregating more than 120 days within any twelve-month period.
3. A building site or a construction, assembly or installation project or supervisory activities in connection therewith constitutes a permanent establishment only if such site, project or activities continue for a period of more than nine months.
4. Notwithstanding the preceding provisions 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 carrying on, for the enterprise, any other activity of a preparatory or auxiliary character, such as advertising or scientific research;
  - (f) the maintenance of a fixed place of business 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 territory an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that territory 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 of a territory shall not be deemed to have a permanent establishment in the other territory merely because it carries on business in that other territory through a broker, general commission agent 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 territory controls or is controlled by a company which is a resident of the other territory, or which carries on business in that other territory (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 territory from immovable property (including income from agriculture or forestry) situated in the other territory may be taxed in that other territory.
2. The term "immovable property" shall have the meaning which it has under the law of the territory in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, buildings, 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 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.
4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to the income from immovable property used for the performance of independent personal services.

#### **Article 7 Business profits**

1. The profits of an enterprise of a territory shall be taxable only in that territory unless the enterprise carries on business in the other territory 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 territory but only so much of them as is attributable to that permanent establishment.

2. Subject to the provisions of paragraph 3, where an enterprise of a territory carries on business in the other territory through a permanent establishment situated therein, there shall in each territory 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 the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the business of the permanent establishment, including executive and general administrative expenses so incurred, whether in the territory in which the permanent establishment is situated or elsewhere.
4. 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.
5. 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.
6. Where profits include items of income which are dealt with separately in other Articles of this Agreement, then the provisions of those Articles shall not be affected by the provisions of this Article.

#### **Article 8 Shipping and air transport**

1. Profits of an enterprise of a territory from the operation of ships or aircraft in international traffic shall be taxable only in that territory.
2. For the purpose of this Article, profits from the operation of ships or aircraft in international traffic shall include:
  - (a) profits from the use, maintenance or rental of containers and related equipment;
  - (b) profits from the rental of ships or aircraft on a full time, voyage or bare boat basis;if such use, maintenance or rental is incidental to the operation of ships or aircraft in international traffic.
3. The provisions of paragraph 1 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

4. Whenever companies have agreed to carry on an air transportation business together in the form of a consortium, the provisions of paragraphs 1, 2 and 3 shall apply only to such part of the profits of the consortium as relates to the participation held in that consortium by a company that is a resident of a territory.

#### **Article 9 Associated enterprises**

1. Where:
  - (a) an enterprise of a territory participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or
  - (b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a territory and an enterprise of the other territory,and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.
2. Where a territory includes in the profits of an enterprise of that territory - and taxes accordingly - profits on which an enterprise of the other territory has been charged to tax in that other territory and the profits so included are profits which would have accrued to the enterprise of the first-mentioned territory if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other territory shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Agreement and the competent authorities of the territories shall if necessary consult each other.

#### **Article 10 Dividends**

1. Dividends paid by a company which is a resident of a territory to a resident of the other territory may be taxed in that other territory.
2. However, such dividends may also be taxed in the territory of which the company paying the dividends is a resident and according to the laws of that territory, but if the beneficial owner of the dividends is a resident of the other territory, the tax so charged shall not exceed 10 per cent of the gross amount of the dividends. The competent authorities of the

territories may by mutual agreement settle the mode of application of this limitation.

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 subjected to the same taxation treatment as income from shares by the laws of the territory of which the company making the distribution is a resident.
4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a territory, carries on business in the other territory of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other territory 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 territory derives profits or income from the other territory, that other territory 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 territory or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other territory, 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 territory.

#### **Article 11 Interest**

1. Interest arising in a territory and paid to a resident of the other territory may be taxed in that other territory.
2. However, such interest may also be taxed in the territory in which it arises and according to the laws of that territory, but if the beneficial owner of the interest is a resident of the other territory, the tax so charged shall not exceed 10 per cent of the gross amount of the interest. The competent authorities of the territories may by mutual agreement settle the mode of application of this limitation.
3. The term "interest" as used in this Article means income from debt-



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

4. Notwithstanding the provisions of paragraph 2, any such interest as is mentioned in paragraph 1 shall be taxable only in the territory of which the recipient is a resident if such recipient is the beneficial owner of the interest and if one of the following requirements is fulfilled:
  - a) the interest is paid in respect of a loan granted or guaranteed by:
    - i) in the case of the territory referred to in sub-paragraph 1 (a) of Article 2, Swedfund International AB or the Swedish Export Credit Corporation (SEK) or an organization which has replaced any of these organizations,
    - ii) in the case of the territory referred to in sub-paragraph 1 (b) of Article 2, such agencies and instrumentalities of that territory as may be agreed from time to time between the competent authorities,
  - b) the interest is paid in respect of a bond, debenture or other similar obligation of a public entity of a territory, or of a subdivision or a local authority thereof,
  - c) the interest is paid to a public entity of the other territory or a subdivision or a local authority thereof, a central bank of that other territory or to any instrumentality (including a financial institution) controlled by that entity or subdivision or local authority thereof, or
  - d) the interest is paid between banks.
5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the interest, being a resident of a territory, carries on business in the other territory in which the interest arises, through a permanent establishment situated therein, or performs in that other territory 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.
6. Interest shall be deemed to arise in a territory when the payer is a resident of that territory. Where, however, the person paying the interest, whether he is a resident of a territory or not, has in a territory a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the territory in which the permanent

establishment or fixed base is situated.

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

## **Article 12 Royalties**

1. Royalties arising in a territory and paid to a resident of the other territory may be taxed in that other territory.
2. However, such royalties may also be taxed in the territory in which they arise and according to the laws of that territory, but if the beneficial owner of the royalties is a resident of the other territory, the tax so charged shall not exceed 10 per cent of the gross amount of the royalties. The competent authorities of the territories may 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 information concerning industrial, commercial or scientific experience.
4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a territory, carries on business in the other territory in which the royalties arise, through a permanent establishment situated therein, or performs in that other territory 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 territory when the payer is a resident of that territory. Where, however, the person paying the royalties, whether he is a resident of a territory or not, has in a territory a permanent establishment or a fixed base in connection with which the obligation to pay the royalties was incurred, and such royalties are borne

by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the territory in which the permanent establishment or fixed base is situated.

6. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the 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 beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each territory, due regard being had to the other provisions of this Agreement.

### **Article 13 Capital gains**

1. Gains derived by a resident of a territory from the alienation of immovable property referred to in Article 6 and situated in the other territory, or from the alienation of shares in a company the assets of which consist principally of such property, may be taxed in that other territory.
2. Gains from alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a territory has in the other territory or of movable property pertaining to a fixed base available to a resident of a territory in the other territory 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 territory.
3. Gains derived by a resident of a territory from the alienation of ships or aircraft operated in international traffic or movable property pertaining to the operation of such ships or aircraft, shall be taxable only in that territory. Whenever companies have agreed to carry on an air transportation business together in the form of an consortium, the provisions of this paragraph shall apply only to such part of the gains of the consortium as relates to the participation held in that consortium by a company that is a resident of a territory.
4. Gains from the alienation of any property other than that referred to in paragraphs 1, 2 and 3 shall be taxable only in the territory of which the alienator is a resident.
5. Notwithstanding the provisions of paragraph 4, gains from the alienation

of shares or other corporate rights in a company resident in a territory, and gains from the alienation of any other securities which are subjected in that territory to the same taxation treatment as gains from the alienation of such shares or other corporate rights, derived by an individual who has been a resident of that territory and who has become a resident of the other territory, may be taxed in the first-mentioned territory if the alienation of the shares, other corporate rights or securities occurs at any time during the ten years next following the date on which the individual has ceased to be a resident of the first-mentioned territory.

#### **Article 14 Independent personal services**

1. Income derived by an individual who is a resident of a territory in respect of professional services or other activities of an independent character shall be taxable only in that territory unless he has a fixed base regularly available to him in the other territory for the purpose of performing his activities. If he has such a fixed base, the income may be taxed in the other territory but only so much thereof 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 15 Dependent personal services**

1. Subject to the provisions of Articles 16, 18 and 19, salaries, wages and other similar remuneration derived by a resident of a territory in respect of an employment shall be taxable only in that territory unless the employment is exercised in the other territory. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other territory.
2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a territory in respect of an employment exercised in the other territory shall be taxable only in the first-mentioned territory if:
  - (a) the recipient is present in the other territory for a period or periods not exceeding in the aggregate 183 days in any twelve-month period commencing or ending 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 territory; and
  - (c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other territory.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a territory may be taxed in that territory. Where a resident of a territory derives remuneration in respect of an employment exercised aboard an aircraft operated in international traffic by an air transport consortium of which a company which is a resident of that territory is a partner, such remuneration shall be taxable only in that territory.

#### **Article 16 Directors' fees**

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

#### **Article 17 Artistes and sportsmen**

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a territory as an artiste, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsman, from his personal activities as such exercised in the other territory, may be taxed in that other territory.
2. Where income in respect of personal activities exercised by an artiste or a sportsman in his capacity as such accrues not to the artiste or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the territory in which the activities of the artiste or sportsman are exercised.

#### **Article 18 Pensions, annuities and similar payments**

1. Pensions and other similar remuneration, disbursements under the Social Security legislation and annuities arising in a territory and paid to a resident of the other territory may be taxed in the first-mentioned territory.
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 19 Public service**

1. Salaries, wages and other similar remuneration, other than a pension, paid by an authority administering a territory or a subdivision of that

territory or a local authority of that territory, to an individual in respect of services rendered to that authority, subdivision or local authority shall be taxable only in that territory. However, such salaries, wages, and other similar remuneration shall be taxable only in the other territory if the services are rendered in that other territory and the recipient is a resident of that other territory who:

- (i) is a national of that territory; or
- (ii) did not become a resident of that territory solely for the purpose of rendering the services.

2. The provisions of Article 15, 16 and 17 shall apply to salaries, wages and other similar remuneration in respect of services rendered in connection with any trade or business carried on by an authority administering a territory or a subdivision or a local authority thereof.

#### **Article 20 Students**

Payments which a student or business apprentice who is or was immediately before visiting a territory a resident of the other territory and who is present in the first-mentioned territory 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 territory, provided that such payments arise from sources outside that territory.

#### **Article 21 Other income**

1. Items of income of a resident of a territory, wherever arising, not dealt with in the foregoing Articles of this Agreement shall be taxable only in that territory.
2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income, being a resident of a territory, carries on business in the other territory through a permanent establishment situated therein, or performs in that other territory independent personal services 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 Methods of elimination of double taxation**

Subject to the provisions of the law of a territory from time to time in

force relating to the allowance of a credit against tax payable in that territory of tax paid outside that territory (which shall not affect the general principle of this Article), tax paid under the law of the other territory and in accordance with this Agreement, whether directly or by deduction, in respect of income derived by a person who is a resident of the first-mentioned territory from sources in the other territory shall be allowed as a credit against tax payable in the first-mentioned territory in respect of that income. The amount of the credit, however, shall not exceed the amount of the tax in the first-mentioned territory on that income computed in accordance with its taxation laws and regulations.

### **Article 23 Non-discrimination**

1. Nationals of a territory shall not be subjected in the other territory to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other territory in the same circumstances, in particular with respect to residence, are or may be subjected.
2. The taxation on a permanent establishment which an enterprise of a territory has in the other territory shall not be less favorably levied in that other territory than the taxation levied on enterprises of that other territory carrying on the same activities. This provision shall not be construed as obliging a territory to grant to residents of the other territory any personal allowances, reliefs or reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.
3. Except where the provisions of paragraph 1 of Article 9, paragraph 7 of Article 11, or paragraph 6 of Article 12, apply, interest, royalties and other disbursements paid by an enterprise of a territory to a resident of the other territory 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 territory.
4. Enterprises of a territory, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other territory, shall not be subject in the first-mentioned territory 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 territory are or may be subjected.
5. The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description.

#### **Article 24 Mutual agreement procedure**

1. Where a person considers that the actions of one or both of the territories result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the domestic law of those territories, present his case to the competent authority of the territory of which he is a resident. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Agreement.
2. The competent authority shall endeavor, 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 territory, with a view to the avoidance of taxation which is not in accordance with the Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the territories.
3. The competent authorities of the territories shall endeavor to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Agreement. They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.
4. The competent authorities of the territories may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

#### **Article 25 Exchange of information**

1. The competent authorities of the territories shall exchange such information as is necessary for carrying out the provisions of this Agreement or of the domestic laws of the territories concerning taxes covered by the Agreement, insofar as the taxation thereunder is not contrary to the Agreement. The exchange of information is not restricted by Article 1. Any information received by the competent authority of a territory shall be treated as secret in the same manner as information obtained under the domestic laws of that territory and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by the Agreement. Such persons or authorities shall use the information only for such purposes. They may disclose the



information in public court proceedings or in judicial decisions.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on a territory the obligation:
  - (a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other territory;
  - (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 territory;
  - (c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would be contrary to public policy.

#### **Article 26 Limitation on benefits**

Notwithstanding any other provisions of this Agreement, where

- (a) a company that is a resident of a territory derives its income primarily from outside that territory
  - (i) from activities such as banking, shipping, financing or insurance or
  - (ii) from being the headquarters, co-ordination centre or similar entity providing administrative services or other support to a group of companies which carry on business primarily outside the first-mentioned territory; and
- (b) except for the application of the method of elimination of double taxation normally applied by that territory, such income would bear a significantly lower tax under the laws of that territory than income from similar activities carried out within that territory or from being the headquarters, co-ordination centre or similar entity providing administrative services or other support to a group of companies which carry on business in that territory, as the case may be, any provisions of this Agreement conferring an exemption or a reduction of tax shall not apply to the income of such company and to the dividends paid by such company.

#### **Article 27 Entry into force**

This Agreement shall enter into force on the date on which the Swedish Trade Council and the Taipei Mission in Sweden notify each other in writing that the last of such things has been done as is necessary to give this Agreement effect in the domestic law of the respective territories. This Agreement shall apply in both territories, in respect of:

- (a) withholding tax on income derived by a non-resident, in relation to income derived on or after the first day of January of the year next following the entry into force of this Agreement;

- (b) other taxes, in relation to tax years beginning on or after the first day of January in the calendar year next following that in which the Agreement enters into force.

### **Article 28 Termination**

This Agreement shall continue in force indefinitely, but the Taipei Mission in Sweden and the Swedish Trade Council may give a written notice of termination to the other on or before 30 June in any calendar year and, in that event, the Agreement shall cease to be applied in both territories:

- (a) in respect of withholding tax on income derived by a non-resident, in relation to income derived on or after the first day of January of the year next following that in which the notice of termination is given;
- (b) in respect of other taxes, in relation to tax years beginning on or after the first day of January in the calendar year next following that in which the notice of termination is given.

IN WITNESS WHEREOF the undersigned, being duly authorised, have signed this Agreement.

DONE in duplicate at Stockholm on this 8th day of June 2001 in the English language.

James C. Y. Chu  
Representative

Ulf Dinkelspeil  
President

FOR THE TAIPEI MISSION IN  
SWEDEN

FOR THE SWEDISH TRADE  
COUNCIL

## **ANNEX**

The Taipei Mission in Sweden and the Swedish Trade Council,

Having regard to the Agreement concerning the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income signed today at Stockholm (in this Annex called "the Agreement")

Have agreed as follows:

Visa fees, passport fees, legalization fees (of documents) and interests received by the Taipei Mission in Sweden and the Swedish Trade Council in Taipei or their successors carrying on activities promoting trade, investment and cultural exchange between the territories, shall be taxable only in the territory on whose behalf the activities are carried on.

### **In respect of Article 10**

If in the relation between the territory referred to in sub-paragraph 1 (b) of Article 2 and a third territory, being a member of the European Union, the first-mentioned territory would exempt dividends from tax or reduce the rate of tax on dividends below 10 per cent, such exemption or reduced rate shall automatically apply as if it had been specified in the Agreement. This provision shall, however, only apply to dividends where the beneficial owner is a company (other than a partnership) which holds at least 10 per cent of the voting power of the company paying the dividends.

### **In respect of Article 11**

It is understood that an instrumentality (including a financial institution) is controlled by an entity or subdivision or local authority thereof if that entity or subdivision or local authority thereof holds at least 50 per cent of the capital of that instrumentality.

### **In respect of Article 12**

If in the relation between the territory referred to in sub-paragraph 1 (b) of Article 2 and a third territory, being a member of the European Union, the first-mentioned territory would exempt royalties from tax or reduce the rate of tax on royalties below 10 per cent, such exemption or reduced rate shall automatically apply as if it had been specified in the Agreement.

### **In respect of Article 19**

Salaries, wages and other similar remuneration, other than a pension,

paid by the Taipei Mission in Sweden and the Swedish Trade Council in Taipei for services rendered to that Mission or Council shall be deemed to be paid by and rendered to an authority administering a territory.

This Annex shall form an integral part of the Agreement.

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

DONE in duplicate at Stockholm on this 8th day of June 2001 in the English language.

James C. Y. Chu  
Representative

Ulf Dinkelspeil  
President

FOR THE TAIPEI MISSION IN  
SWEDEN

FOR THE SWEDISH TRADE  
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