



# Double Taxation Avoidance Agreement between Singapore and Sweden

Entered into force on February 14, 1969

## DEZAN SHIRA & ASSOCIATES

Corporate Establishment, Tax, Accounting & Payroll Throughout Asia

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**CONVENTION BETWEEN  
THE GOVERNMENT OF THE REPUBLIC OF SINGAPORE  
AND THE GOVERNMENT OF THE KINGDOM OF SWEDEN  
FOR THE AVOIDANCE OF DOUBLE TAXATION  
AND THE PREVENTION OF FISCAL EVASION  
WITH RESPECT TO TAXES ON INCOME AND CAPITAL**

Date of Conclusion: 17 June 1968.

Entry into Force: 14 February 1969.

Effective Date: 1 January 1966.

NOTE

An Exchange of Notes signed 5 November 1976 entered into force on 10 December 1976.  
The text of this Note is shown in Annex B.

An Exchange of Notes signed on 10 November 1981 entered into force  
on 15 January 1982. The text of this Note is shown in Annex C.

A Protocol signed on 28 September 1983 entered into force on 14 December 1983.  
It is effective from 1 January 1984 unless otherwise indicated.

This Protocol is incorporated into the main text of the treaty.

New articles introduced by the Protocol are marked with a hex (#) and  
those amended articles are marked with an asterisk (\*).

The original text of those articles amended by this Protocol is shown in the Annex A.

An Exchange of Notes signed on 4 March 1985 entered into force on 12 April 1985.  
The text of this Note is shown in Annex D.

An Exchange of Notes signed on 7 June 1991 (Singapore) and 28 June 1991 (Sweden)  
entered into force on 27 March 1992.  
The text of this note is as shown in Annex E.

The Government of the Republic of Singapore and the Government of the Kingdom  
of Sweden,

Desiring to conclude a Convention for the Avoidance of Double Taxation and the  
Prevention of Fiscal Evasion with respect to Taxes on Income and Capital,

Have agreed as follows:

## ARTICLE I

1. The taxes which are the subject of this Convention are -

(a) in the Republic of Singapore:

the income tax

(hereinafter referred to as "Singapore tax"); and

(b) in Sweden:

(i) the State income tax, including sailors tax and coupon tax;

(ii) the tax on the undistributed profits of companies and the tax on distribution in connection with reduction of share-capital or the winding-up of a company;

(iii) the tax on public entertainers;

(iv) the communal income tax; and

(v) the State capital tax

(hereinafter referred to as "Swedish tax").

2. This Convention shall also apply to any other taxes of a substantially similar character imposed in the Republic of Singapore or in Sweden subsequently to the date of signature of this Convention.

## ARTICLE II

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

(a) the term "Singapore" means the Republic of Singapore;

(b) the term "Sweden" means the Kingdom of Sweden;

(c) the terms "one of the Contracting States" and "the other Contracting State" mean Singapore or Sweden, as the context requires;

(d) the term "tax" means Singapore tax or Swedish tax, as the context requires;

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

(f) the term "person" includes any body of persons, corporate or not corporate;

(g)

(i) the term "resident of Singapore" means any person who is resident in Singapore for the purposes of Singapore tax; and the term "resident of Sweden" means any person who is resident in Sweden for the purposes of Swedish tax;

- (ii) where by reason of the provisions of sub-paragraph (i) above an individual is a resident of both Contracting States, then his residence shall be determined in accordance with the following rules -
  - (aa) 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;
  - (bb) if the Contracting State with which his personal and economic relations are closest, 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;
  - (cc) if he has an habitual abode in both Contracting States or in neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement;
- (iii) where by reason of the provisions of sub-paragraph (i) above 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 it is managed and controlled;
- (h) the terms "resident of one of the Contracting States" and "resident of the other Contracting State" mean a resident of Singapore or a resident of Sweden, as the context requires;
- (i) the terms "Singapore enterprise" and "Swedish enterprise" mean, respectively, an industrial, mining, commercial, timber, plantation or agricultural enterprise or undertaking carried on by a resident of Singapore and an industrial, mining, commercial, timber, plantation or agricultural enterprise or undertaking carried on by a resident of Sweden;
- (j) the terms "enterprise of one of the Contracting States" and "enterprise of the other Contracting State" mean a Singapore enterprise or a Swedish enterprise, as the context requires;
- (k) the terms "profits of a Singapore enterprise" and "profits of a Swedish enterprise" do not include rents or royalties in respect of motion picture films or of tapes for television or broadcasting or of mines, oil wells, quarries or other places of extraction of natural resources, or income in the form of dividends, interest, rents, royalties, or capital gains, or fees or other remuneration derived from the management, control or supervision of the trade, business or other activity of another enterprise or concern, or remuneration for labour or personal services, or profits derived from the operation of ships or aircraft;
- (l)
  - (i) subject to the provisions of this sub-paragraph, the term "permanent establishment" means a fixed place of business in which the business of the enterprise is wholly or partly carried on;

- (ii) a permanent establishment shall include especially -
  - (aa) a place of management;
  - (bb) a branch;
  - (cc) an office;
  - (dd) a factory;
  - (ee) a workshop;
  - (ff) a farm or plantation;
  - (gg) a mine, oil well, quarry or other place of extraction of other natural resources or of cutting of timber;
  - (hh) a building site or construction or assembly project which exists for more than six months;
- (iii) the term "permanent establishment" shall not be deemed to include -
  - (aa) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
  - (bb) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
  - (cc) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
  - (dd) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise;
  - (ee) 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;
- (iv) an enterprise of one of the Contracting States shall be deemed to have a permanent establishment in the other Contracting State if it carries on supervisory activities in that other Contracting State for more than six months in connection with a construction, installation or assembly project which is being undertaken in that other Contracting State;
- (v) a person acting in one of the Contracting States on behalf of an enterprise of the other Contracting State (other than an agent of independent status to whom sub-paragraph (I)(vi) applies) shall be deemed to be a permanent establishment in the former Contracting State if -

- (aa) he has, and habitually exercises in that former Contracting 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; or
- (bb) he maintains in that former Contracting State a stock of goods or merchandise belonging to the enterprise from which he regularly fills orders on behalf of the enterprise;
- (vi) an enterprise of one of the Contracting States shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other Contracting State through a broker, general commission agent or any other agent of independent status, where such persons are acting in the ordinary course of their business;
- (vii) the fact that a company which is a resident of one of the Contracting States controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other Contracting State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other;
- (m) the term "competent authority" means, in the case of Singapore, the Minister for Finance or his authorised representative; and in the case of Sweden, the Minister of Finance or his authorised representative;
- (n) # the term "international traffic" means carriage of passengers, mails, livestock or goods by a ship or aircraft which is operated by an enterprise of one of the Contracting States, except when the ship or aircraft is operated solely between places in the other Contracting State or solely between such places and one or more structures used for the exploration or exploitation of natural resources.

2. In the application of the provisions of this Convention by one of the Contracting States, 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 III**

1.

- (a) The profits of a Singapore enterprise shall be taxable only in Singapore unless the enterprise carries on business in Sweden through a permanent establishment situated in Sweden. If the enterprise carries on business as aforesaid, tax may be imposed in Sweden on the profits of the enterprise but only on so much of them as is directly or indirectly attributable to that permanent establishment.
- (b) The profits of a Swedish enterprise shall be taxable only in Sweden unless the enterprise carries on business in Singapore through a permanent establishment situated in Singapore. If the enterprise carries on business as aforesaid, tax may be imposed in Singapore on the profits of the enterprise

but only on so much of them as is directly or indirectly attributable to that permanent establishment.

2. Where an enterprise of one of the Contracting States carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In determining the profits of a permanent establishment, there shall be allowed as deductions all expenses, including executive and general administrative expenses, which would be deductible if the permanent establishment were an independent enterprise in so far as they are reasonably allocable to the permanent establishment, whether incurred in the Contracting State in which the permanent establishment is situated or elsewhere.

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

#### **ARTICLE IV**

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

2. The term "immovable property" shall be defined in accordance with the law of the Contracting State in which the property in question is situated. The term shall in any case include rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, oil wells, quarries or other places of extraction of natural resources.

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.

#### **ARTICLE V\***

**[This article is effective from 1 January 1982.]**

1. Notwithstanding the provisions of Article III, profits of an enterprise of one of the Contracting States from the operation of ships in international traffic may be taxed in the other Contracting State only if such profits are derived from that other Contracting State.

Provided that -

- (a) when a Singapore enterprise derives profits from Sweden by operating ships in international traffic the tax charged in Sweden in respect of such profits shall be reduced by an amount equal to 50 per cent thereof and the reduced amount of the Swedish tax payable on the profits shall be allowed as a credit against the Singapore tax charged in respect of these profits in accordance with the provisions of paragraph 2 of Article XIX;

- (b) when a Swedish enterprise derives profits from Singapore by operating ships in international traffic the tax charged in Singapore in respect of such profits shall be reduced by an amount equal to 50 per cent thereof and the reduced amount of the Singapore tax payable on the profits shall be allowed as a credit against the Swedish tax charged in respect of these profits in accordance with the provisions of paragraph 3 of Article XIX.

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

3. For the purposes of this Article profits derived from the other Contracting State shall mean profits from the carriage of passengers, mails, livestock or goods shipped in that State:

Provided that there shall be excluded the profits accruing from passengers, mails, livestock or goods which are brought to that other State solely for transshipment, or for the transfer from an aircraft to a ship.

#### **ARTICLE VA #**

**[This article is effective from 1 January 1982.]**

1. Notwithstanding the provisions of Article III, profits of an enterprise of one of the Contracting States from the operation of aircraft in international traffic shall be taxable only in that State.

2. With respect to profits derived by the Swedish, Danish and Norwegian air transport consortium Scandinavian Airlines System (SAS), the provisions of paragraph 1 shall apply, but only to such part of the profits as corresponds to the shareholding in that consortium held by AB Aerotransport (ABA), the Swedish partner of Scandinavian Airlines System (SAS).

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

#### **ARTICLE VI**

1. Where -

- (a) an enterprise of one of the Contracting States 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 one of the Contracting States 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.

2. # Where a Contracting State includes in the profits of an enterprise of that State - and taxes accordingly - profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the profits so included are profits which would have



accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State 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 Convention and the competent authorities of the Contracting States shall if necessary consult each other.

## **ARTICLE VII**

1.\* The rate of tax charged by Sweden in respect of dividends paid by a company which is a resident of Sweden to a resident of Singapore shall, if the recipient is the beneficial owner of the dividends, not exceed 15 per cent of the gross amount of such dividends.

Where the resident of Singapore is a parent company the rate of tax charged on such dividends shall, if the recipient is the beneficial owner of the dividends, not exceed 10 per cent of the gross amount of such dividends.

2.\* Dividends paid by a company which is a resident of Singapore to a resident of Sweden shall, if the recipient is the beneficial owner of the dividends, be exempt from any tax in Singapore which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of any company -

- (a) provided that nothing in this paragraph shall affect the provisions of Singapore law under which the tax in respect of a dividend paid by a company which is a resident of Singapore from which Singapore tax has been, or has been deemed to be, deducted may be adjusted by reference to the rate of tax appropriate to the Singapore year of assessment immediately following that in which the dividend was paid;
- (b) provided further that if Singapore, subsequent to the signing of this Convention, imposes a tax on dividends paid by a company resident in Singapore out of its profits or income, such tax may be charged but the rate of tax so charged shall, if the recipient is the beneficial owner of the dividends, not exceed 15 per cent of the gross amount of such dividends, and where the dividend is paid to a parent company which is a resident of Sweden the rate of tax so charged shall, if the recipient is the beneficial owner of the dividends, not exceed 10 per cent of the gross amount of such dividends.

3.\* For the purposes of this Article the term "parent company" means a company resident in one of the Contracting States owning directly not less than 25 per cent of the share capital of the company resident in the other Contracting State paying the dividends.

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

5.\* The Government of The Republic of Singapore, including the Monetary Authority of Singapore, the Board of Commissioners of Currency and the Government of Singapore Investment Corporation Pte Ltd., shall be exempt from Swedish tax with respect to dividends on shares in Swedish joint stock companies; provided that the scope of this exemption has been agreed by the competent authorities of the Contracting States.

However, such exemption shall in no case be given with respect to shares held for other than public purposes and not if the holding constitutes a substantial participation.

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

7. If the system of taxation applicable in either of the Contracting States to the profits and distributions of companies is altered the competent authorities may consult each other in order to determine whether it is necessary for this reason to amend the provisions of this Article.

## **ARTICLE VIII**

1.\* Interest and other income from bonds, securities, notes, debentures or any other form of indebtedness, whether or not secured by mortgages, derived from sources within one of the Contracting States by a resident of the other Contracting State may, if the recipient is the beneficial owner of the income, not be taxed in the first-mentioned Contracting State at a rate exceeding 15 per cent of the gross amount of such income.

2.\* Notwithstanding the provisions of paragraph 1, the tax on interest derived from sources within one of the Contracting States by any financial institution which is a resident of the other Contracting State shall in the first-mentioned State not exceed 10 per cent of the gross amount of the interest, if the recipient is the beneficial owner of the interest and if the enterprise paying the interest engages in an industrial undertaking within the meaning of paragraph 3 of this Article.

3. The term "industrial undertaking" means an undertaking engaged in:

- (i) manufacturing, assembling and processing;
- (ii) construction, civil engineering and shipbuilding;
- (iii) production of electricity, hydraulic power, gas or the supply of water, or
- (iv) fishing.

4.\* The provisions of paragraphs 1 and 2 above shall not apply if the beneficial owner of the interest, being a resident of one of the Contracting States, has in the other Contracting State in which the interest arises, a permanent establishment situated therein, with which the debt-claim from which the interest arises, is effectively connected. In such a case Article III shall apply.

5. The Government of Singapore shall be exempt from Swedish tax in respect of interest received by that Government from sources within Sweden.

6. The Government of Sweden shall be exempt from Singapore tax in respect of interest received by that Government from sources within Singapore.

7.\* For the purposes of paragraphs 5 and 6 the term "Government" shall include -

(a) in the case of Singapore:

- (i) the Monetary Authority of Singapore and the Board of Commissioners of Currency;
- (ii) the Government of Singapore Investment Corporation Pte. Ltd;
- (iii) the Export Credit Insurance Company of Singapore Limited; and
- (iv) a statutory body;

(b) in the case of Sweden:

- (i) the Central Bank of Sweden;
- (ii) the National Debt Office;
- (iii) the Export Credit Board; and
- (iv) a commune.

8.\* 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 and dealing with each other at arm's length, 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 IX**

1.\* Royalties derived from sources within one of the Contracting States and paid to a resident of the other Contracting State shall be exempt from tax in the former Contracting State if such resident is the beneficial owner of the royalties.

2. The term "royalties" as used in this Article means payments of any kind received as consideration for the use of, or the right to use, any copyright of scientific work, 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, but does not include any royalty or other amount paid in respect of literary or artistic copyrights or of motion picture films or of tapes for television or broadcasting or of the operation of a mine, oil well, quarry or any other place of extraction of natural resources.

3.\* Sums derived by a resident of one of the Contracting States from sources within the other Contracting State from the alienation of any property from which royalties, as defined in paragraph 2 of this Article, are or may be derived, shall, if such resident is the beneficial owner of the income, be exempt from tax in the other Contracting State.

4. The provisions of paragraphs 1 and 3 of this Article shall not apply to royalties or sums received by a resident of one of the Contracting States where such royalties or sums are attributable to a permanent establishment of such resident in the other Contracting State; in such event, such royalties, or sums as are attributable to that permanent establishment shall be treated as if they were profits to which the provisions of Article III are applicable.

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 or profits paid, having regard to the use, right, property or information for which they are paid, exceeds the amount of which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship and dealing with each other at arm's length, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payment shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

## **ARTICLE X**

1. Gains from the alienation of immovable property, as defined in paragraph 2 of Article IV may be taxed in the Contracting State in which such property is situated.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of one of the Contracting States has in the other Contracting State, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise), may be taxed in the other Contracting State. However, gains from the alienation of movable property of the kind referred to in paragraph (c) of Article XVII shall be taxable only in the Contracting State in which such movable property is taxable according to the said Article.

3. Gains from the alienation of any capital assets other than those mentioned in paragraphs 1 and 2, shall be taxable only in the Contracting State of which the alienator is a resident.

4. Notwithstanding the provisions of paragraph 3, where a person owns 25 per cent or more of the share capital of a company and where the business property of the company consists wholly or mainly of immovable property, the gains from the alienation of some or all of such shares shall be taxable only in the Contracting State where such immovable property is situated.

5. Notwithstanding the provisions of paragraphs 3 and 4, where a company resident in one of the Contracting States, other than a company referred to in paragraph 4, owns 25 per cent or more of the share capital of a company resident in the other Contracting State, the gains from the alienation of some or all of such shares shall be taxable only in the other Contracting State.

## **ARTICLE XI**

1. Where under the provisions of this Convention a resident of Singapore is exempt or entitled to relief from Swedish tax, similar exemption or relief shall be applied to the undivided estates of deceased persons in so far as one or more of the beneficiaries is a resident of Singapore.

2. Swedish tax on the undivided estate of a deceased person shall, in so far as the income accrues to a beneficiary who is a resident of Singapore, be allowed as a credit against Singapore tax under Article XIX.

## **ARTICLE XII**

1. Subject to the provisions of paragraphs 2 and 3 of this Article and Articles XIII, XIV, XV and XVI, salaries, wages and other similar remuneration or profits from an employment or profession derived by a resident of -

- (a) Singapore shall be taxable only in Singapore unless the personal (including professional) services are performed in Sweden. If the personal services are so performed, such income as is derived therefrom may be taxed in Sweden;
- (b) Sweden shall be taxable only in Sweden unless the personal (including professional) services are performed in Singapore. If the personal services are so performed, such income as is derived therefrom may be taxed in Singapore.

2. In relation to remuneration of a director of a company, derived from the company, the provisions of this Article and of Article XV shall apply as if the remuneration were remuneration of an employee in respect of an employment. Director's fees and similar payments derived by a resident of one of the Contracting States in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State shall be deemed to have been derived from an employment exercised in, and may be taxed in, that other Contracting State.

3.\* A resident of one of the Contracting States shall be exempt from tax in the other Contracting State on remuneration for services performed on aircraft in international traffic.

4. # Remuneration derived in respect of an employment exercised on ships operated in international traffic by an enterprise of one of the Contracting States may be taxed in that State.

## **ARTICLE XIII**

1. Any salary, wage, pension or similar remuneration, paid by the Government of Singapore to an individual (other than a resident of Sweden who is not a citizen of Singapore) in respect of services rendered to Singapore in the discharge of governmental functions, shall be exempt from Swedish tax.

2. Any salary, wage, pension or similar remuneration, paid by the Government of Sweden to an individual (other than a resident of Singapore who is not a citizen of Sweden) in respect of services rendered to Sweden in the discharge of governmental functions, shall be exempt from Singapore tax.

3. The provisions of this Article shall not apply to any remuneration in respect of services rendered in connection with any trade or business carried on for purposes of profit.

4. For the purposes of this Article the word "Government" shall include any political subdivision and any local authority of either of the Contracting States.

## **ARTICLE XIV**

1. Subject to Article XIII any pension or annuity derived from sources within one of the Contracting States by an individual who is a resident of the other Contracting State may be taxed in the former Contracting 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.
3. The term "pension", as used in this Article, means periodic payments made in consideration for services rendered, or by way of compensation for injuries received, or under the provisions of a public social security system.

## **ARTICLE XV**

1. An individual who is a resident of Singapore shall be exempt from Swedish tax on remuneration or profits in respect of personal (including professional) services performed within Sweden in any fiscal year, if -
  - (a) he is present within Sweden for a period or periods not exceeding in the aggregate 183 days during that year, and
  - (b) the services are performed for or on behalf of a person who is a resident of Singapore, and
  - (c) the remuneration or profits are subject to Singapore tax, and
  - (d) the remuneration or profits are not directly deductible from the profits for Swedish tax purposes of a permanent establishment in Sweden of that person.
2. An individual who is a resident of Sweden shall be exempt from Singapore tax on remuneration or profits in respect of personal (including professional) services performed within Singapore in any year of assessment, if -
  - (a) he is present within Singapore for a period or periods not exceeding in the aggregate 183 days during that year, and
  - (b) the services are performed for or on behalf of a person who is a resident of Sweden, and
  - (c) the remuneration or profits are subject to Swedish tax, and
  - (d) the remuneration or profits are not directly deductible from the profits for Singapore tax purposes of a permanent establishment in Singapore of that person.
3. The provisions of paragraphs 1 and 2 of this Article shall apply to remuneration or profits, salaries, wages and similar income derived from services rendered in one of the Contracting States by public entertainers (such as stage, motion picture, radio or television artistes, musicians and athletes) only if the visit to that Contracting State is substantially supported from the public funds of the Government of the other Contracting State.

4. Notwithstanding anything contained in this Convention, where the services mentioned in paragraph 3 of this Article are provided in one of the Contracting States by an enterprise of the other Contracting State then the profits derived from providing those services by such an enterprise may be taxed in the first-mentioned Contracting State unless the enterprise is substantially supported from the public funds of the Government of the other Contracting State in connection with the provision of such services.

5. For the purpose of this Article, the term "Government" shall have the same meaning as in paragraph 4 of Article XIII.

## **ARTICLE XVI**

1. An individual, who immediately before visiting one of the Contracting States, is a resident of the other Contracting State and is temporarily present in the first-mentioned Contracting State solely as a student at a recognised university, college or school in that first-mentioned Contracting State, or as a business apprentice therein, shall be exempt from tax in the first-mentioned Contracting State in respect of -

- (a) all remittances from the other Contracting State for the purposes of his maintenance, education, or training; and
- (b)\* any remuneration for personal services rendered in the first-mentioned Contracting State with a view to supplementing the resources available to him for such purposes provided the remuneration does not exceed in any calendar year 12,000 Swedish kronor or its equivalent in Singapore Dollars, as the case may be.

2. An individual, who immediately before visiting one of the Contracting States, is a resident of the other Contracting State and is temporarily present in the first-mentioned Contracting State for the purpose of study, research or training solely as a recipient of a grant, allowance or award from a scientific, educational, religious and charitable organisation or under a technical assistance programme entered into by the Government of one of the Contracting States, shall be exempt from tax in the first-mentioned Contracting State on -

- (a) the amount of such grant, allowance or award; and
- (b)\* any remuneration for personal services rendered in the first-mentioned Contracting State provided such services are in connection with his study, research or training or are incidental thereto provided the remuneration does not exceed in any calendar year 12,000 Swedish kronor or its equivalent in Singapore dollars, as the case may be.

3.\* The benefits under sub-paragraph (b) of paragraph 1 and of paragraph 2 shall extend only for such period of time as may be reasonably or customarily required to complete the education, study, research or training undertaken but shall in no event exceed a period of five consecutive years.

The competent authorities of the Contracting States may agree on such changes of the amounts mentioned in sub-paragraph (b) of paragraph 1 and of paragraph 2 as may be reasonable having regard to changes in the value of money or living expenses, amended legislation in one of the Contracting States or other similar circumstances.

4. For the purposes of this Article, the term "Government" shall have the same meaning as in paragraph 4 of Article XIII.

## ARTICLE XVII

\*Where taxes on capital are imposed by both Contracting States, the following provisions shall apply -

- (a) Capital represented by immovable property as defined in paragraph 2 of Article IV may be taxed in the Contracting State in which such property is situated.
- (b) Subject to the provisions of paragraph (a) above, capital represented by assets forming part of the business property employed in a permanent establishment of an enterprise, may be taxed in the Contracting State in which the permanent establishment is situated.
- (c) Ships and aircraft operated by an enterprise of one of the Contracting States in international traffic and assets, other than immovable property, pertaining to the operation of such ships and aircraft, shall be taxable only in the Contracting State of which the enterprise is a resident.
- (d) All other elements of capital of a resident of one of the Contracting States shall be taxable only in that State.

## ARTICLE XVIII

For the purposes of this Convention the following shall apply -

1.

- (a) Dividends paid by a company which is a resident of -
  - (i) Singapore shall be treated as derived from sources within Singapore, except to the extent that such dividends are paid out of profits accumulated prior to the year of assessment 1966 and which are deemed to have been derived from sources in Malaysia;
  - (ii) Malaysia shall be treated as derived from sources within Singapore to the extent that such dividends are paid out of profits accumulated prior to the year of assessment 1966 and which are deemed to have been derived from sources in Singapore,

in accordance with the provisions of Article VII of the Double Taxation Agreement between Singapore and Malaysia.

- (b) Dividends paid by a company which is a resident of Sweden shall be treated as derived from sources within Sweden.

2. Interest as defined in Article VIII paid by the Government of one of the Contracting States or by a resident of one of the Contracting States, shall be treated as derived from sources within that Contracting State. Where, however, the person paying the interest, whether he is a resident of one of the Contracting States or not, has in one of the Contracting States a permanent establishment in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment, then such interest shall be treated as derived from sources within the Contracting State in which the permanent establishment is situated.



3. Royalties as defined in paragraph 2 of Article IX shall be treated as derived from sources within the Contracting State in which the property referred to in that paragraph is used.

4. Profits derived from the alienation of rights or properties referred to in paragraph 2 of Article X shall be treated as derived from sources within the Contracting State in which such rights or properties are used.

5. Royalties in respect of the operation of mines, oil wells, quarries or other places of extraction of natural resources shall be treated as derived from sources within the Contracting State in which such mines, oil wells, quarries or other places of extraction of natural resources are situated.

6. For the purpose of this Article, the term "Government" shall have the same meaning as in paragraph 4 of Article XIII.

#### **ARTICLE XVIII #**

1. Where this Convention provides (with or without other conditions) that income from sources in Sweden shall be exempt from tax, or taxed at a reduced rate, in Sweden and under the laws in force in Singapore the said income is subject to tax by reference to the amount thereof which is remitted to or received in Singapore and not by reference to the full amount thereof, then the exemption or reduction of tax to be allowed under this Convention in Sweden shall apply only to so much of the income as is remitted to or received in Singapore.

2. However, this limitation does not apply to income derived by the Government of Singapore or any person approved by the competent authority of Singapore for the purpose of this paragraph. The term "the Government of Singapore" shall include its agencies and statutory bodies.

#### **ARTICLE XIX**

1. The laws of each Contracting State shall continue to govern the taxation of income arising in that Contracting State or of capital situated therein except where express provision to the contrary is made in this Convention. Where income or capital is subject to tax in both Contracting States, relief from double taxation shall be given in accordance with the following paragraphs of this Article.

2.

(a) Subject to the provisions of the laws of Singapore regarding the allowance as a credit against Singapore tax of tax payable in any country other than Singapore, Swedish tax payable, whether directly or by deduction in respect of income from sources within Sweden, shall subject to provisions of Article V, paragraphs 4 and 5 of Article X and Article XIII be allowed as a credit against Singapore tax payable in respect of that income.

(b) Where such income is a dividend paid by a company which is a resident of Sweden to a company which is a resident of Singapore and which owns not less than 25 per cent of the share capital in the first-mentioned company, the credit shall take into account (in addition to any Swedish tax on the dividend) the Swedish tax payable in respect of its profits by the company paying the dividend.

3. Where income from sources within Singapore or capital situated therein under the laws of Singapore and in accordance with this Convention is subject to tax in Singapore, whether directly or by deduction, Singapore tax payable in respect of such income or capital, shall subject to the provisions of Article V, paragraphs 4 and 5 of Article X and Article XIII be allowed as a credit against any Swedish tax payable in respect of that income or capital. The deduction in either case shall not, however, exceed that part of the Swedish income tax or capital tax, respectively, as computed before the deduction is given, which is appropriate, as the case may be, to the income or capital which is subject to tax in Singapore.

4.\* Notwithstanding the provisions of paragraph 3 of this Article dividends paid by a company which is a resident of Singapore to a company which is a resident of Sweden shall be exempt from Swedish tax to the extent that the dividends would have been exempt under Swedish law if both companies had been Swedish companies. This exemption shall not apply unless

- (a) the profits out of which the dividends are paid have been subjected to the normal corporate income tax in Singapore or an income tax comparable thereto, or
- (b) the dividends paid by the company which is a resident of Singapore consists wholly or almost wholly of dividends which that company has received, in the year or previous years, in respect of shares held by it in a company which is a resident of a third State and which would have been exempt from Swedish tax if the shares in respect of which they are paid had been held directly by the company which is a resident of Sweden.

5.\* Notwithstanding the provisions of paragraph 3 of this Article, there shall be allowed as a credit against Swedish tax payable in respect of the following items of income from sources within Singapore in the case of -

- (a) dividends, an amount of 15 per cent of the net amount of dividends received. If, however, Singapore imposes in accordance with the provisions of paragraph 2(b) of Article VII, a tax on dividends in addition to the tax chargeable in respect of the profits or income of the company paying such dividends, there shall be credited an amount of 15 per cent of the gross amount of the dividends received;
- (b) interest, within the meaning of paragraphs 1 and 2 of Article VIII, an amount of 15 per cent of the gross amount of the interest received.

The deductions in either case shall not, however, exceed that part of the Swedish income tax as computed before the deduction is given which is appropriate to the dividends or interest, as the case may be. The provisions of this paragraph shall apply until 31st December 1985@. The competent authorities shall consult each other in order to determine whether the provisions of this paragraph shall be applicable after that date.

**[This paragraph is effective as of 1 January 1981.]**

6.\* Notwithstanding the provisions of paragraph 3 of this Article, where royalties as defined in paragraph 2 of Article IX are derived by a resident of Sweden from sources within Singapore, 50 per cent of the amount of such royalties shall be taxable in Sweden and the remaining 50 per cent of such amount shall be exempt from Swedish tax until 31st December 1985@. The competent authorities shall consult each other in order to determine whether the provisions of this paragraph shall be applicable after that date.

**[This paragraph is effective as of 1 January 1981.]**

7.# For the purposes of paragraph 3 of this Article, the term "Singapore tax payable" shall be deemed to include Singapore tax which would have been paid on business income as referred to in Article III or income from the provision of services as referred to in Article XII but for the exemption or reduction of tax granted under the incentive provisions contained in Singapore laws designed to promote economic development.

8.# For the purposes of paragraph 4 of this Article the term "normal corporate income tax in Singapore or an income tax comparable thereto" shall be deemed to include Singapore income tax which would have been paid but for the exemption or reduction of tax granted under the incentive provisions contained in Singapore laws designed to promote economic development.

9.# The provisions of paragraphs 7 and 8 shall apply until 31st December 1985@. The competent authorities shall consult each other in order to determine whether the provisions of these paragraphs shall be applicable after that date.

10. The graduated rate of Swedish tax to be imposed on residents of Sweden may be calculated as though income or capital which under this Convention is exempted from Swedish tax were included in the amount of total income or capital.

**@ Please see Annex D and E. The period was extended to 31 December 1990 and a further extension to 31 December 2000.**

## **ARTICLE XX**

The competent authorities of the Contracting States shall exchange such information (being information which is available 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 underpayment of tax by reasons other than fraud or for 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 and shall not be disclosed to any persons other than persons, including a court, concerned with the assessment and collection of those taxes or the determination of appeals in relation thereto. No information shall be exchanged which would disclose any trade secret or trade process or which would be contrary to public policy.

## **ARTICLE XXI**

1. Citizens of one of the Contracting States shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which citizens of that other Contracting State in the same circumstances are or may be subjected. This provision shall not be construed as obliging a Contracting State to grant to citizens of the other Contracting State not resident in the first-mentioned Contracting State those personal allowances, reliefs and deductions for tax purposes which are by law available to citizens of the first-mentioned Contracting State.

2. The term "citizens" means -

- (a) in respect of Singapore all individuals possessing the citizenship of Singapore and all legal persons, partnerships, associations and other entities deriving their status as such from the law in force in Singapore;

- (b) in respect of Sweden all individuals possessing the citizenship of Sweden and all legal persons, partnerships, associations and other entities deriving their status as such from the law in force in Sweden.

3. The taxation on a permanent establishment which an enterprise of one of the Contracting States has in the other Contracting State shall not be less favourably levied in that other Contracting State than the taxation levied on enterprises of that other Contracting State carrying on the same activities. This provision shall not be construed as obliging either of the Contracting States to grant to residents of the other Contracting State those personal allowances, reliefs and reductions for tax purposes which are by law available only to residents of the first-mentioned Contracting State.

4. Enterprises of one of the Contracting States, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned Contracting State are or may be subjected.

5. In this Article the term "taxation" means taxes which are the subject of this Convention.

## **ARTICLE XXII**

1. Where a resident of one of the Contracting States considers that the actions of one or both of the Contracting States has resulted or will result for him in taxation not in accordance with this Convention, he may, notwithstanding the remedies provided by the national laws in force in the Contracting 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 this 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 this Convention. They may also consult together for the elimination of double taxation in cases not provided for in this 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 XXIII**

1. This Convention shall come into force -

- (a) in Singapore:

when the Minister responsible has by order declared that this Convention shall have effect;

(b) in Sweden:

after ratification by His Majesty, the King of Sweden, with the consent of the Riksdag.

2. The Contracting States shall notify each other on the completion of the requirements mentioned in paragraph 1 and such notification shall take place in Singapore as soon as possible.

3. Upon exchange of such notification this convention shall have effect:-

(a) in the case of Singapore:

for any year of assessment beginning on or after 1st January, 1967;

(b) in the case of Sweden:

in respect of income derived on or after 1st January, 1966, and, as regards the State capital tax, in respect of tax which is assessed in or after the year 1967.

#### ARTICLE XXIV

This Convention shall continue in effect indefinitely, but either of the Contracting States may, on or before 30th June in any calendar year not earlier than 1970, give to the other Contracting State through diplomatic channels written notice of termination and, in such event, this Convention shall cease to be effective -

(a) in the case of Singapore:

for any year of assessment beginning on or after 1st January in the second calendar year next following that in which such notice is given;

(b) in the case of Sweden:

in respect of income derived on or after 1st January in the calendar year next following that in which such notice is given, and as regards capital tax, in respect of tax assessed in or after the second calendar year next following that in which such notice is given.

IN WITNESS WHEREOF the undersigned being duly authorised thereto have signed this Convention.

Done at Singapore, this 17th day of June of the year one thousand nine hundred and sixty-eight in duplicate in the English language.

*For the Government of  
the Republic of Singapore.*

GOH KENG SWEE.

*For the Government of  
the Kingdom of Sweden.*

A. LEWENHAUPT.

# ANNEX A

## ARTICLE V

1. Notwithstanding the provisions of Article III profits of an enterprise of one of the Contracting States from the operation of ships or aircraft in international traffic may be taxed in the other Contracting State only if such profits are derived from that other Contracting State.

Provided that -

- (a) when a Swedish enterprise derives profits from Singapore by operating ships or aircraft in international traffic the tax charged in Singapore in respect of such profits shall be reduced by an amount equal to 50 per cent thereof and the reduced amount of the Singapore tax payable on the profits shall be allowed as a credit against the Swedish tax charged in respect of these profits in accordance with the provisions of paragraph 3 of Article XIX;
- (b) when a Singapore enterprise derives profits from Sweden by operating ships or aircraft in international traffic the tax charged in Sweden in respect of such profits shall be reduced by an amount equal to 50 per cent thereof and the reduced amount of the Swedish tax payable on the profits shall be allowed as a credit against the Singapore tax charged in respect of these profits in accordance with the provisions of paragraph 2 of Article XIX.

2. The provisions of paragraph 1 shall likewise apply to profits arising from participations in shipping or aircraft pools of any kind by such enterprises engaged in shipping or air transport.

3. For the purpose of this Article profits derived from the other Contracting State shall mean profits from the carriage of passengers, mails, livestock or goods shipped, or loaded into an aircraft in the State:

Provided that there shall be excluded the profits accruing from passengers, mails, livestock or goods which are brought to that other State solely for transshipment, or for transfer from one aircraft to another or from an aircraft to a ship or from a ship to an aircraft.

## ARTICLE VII

1. The rate of tax charged by Sweden in respect of dividends paid by a company which is a resident of Sweden to a resident of Singapore shall not exceed 15 per cent of the gross amount of such dividends.

Where the resident of Singapore is a parent company the rate of tax charged on such dividends shall not exceed 10 per cent of the gross amount of such dividends.

2. Dividends paid by a company which is a resident of Singapore to a resident of Sweden shall be exempt from any tax in Singapore which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of any company-

- (a) provided that nothing in this paragraph shall affect the provisions of Singapore law under which the tax in respect of a dividend paid by a company which is a resident of Singapore from which Singapore tax has been, or has been deemed to be, deducted may be adjusted by reference to the rate of tax appropriate to the Singapore year of assessment immediately following that in which the dividend was paid;
- (b) provided further that if Singapore, subsequent to the signing of this Convention, imposes a tax on dividends paid by a company resident in Singapore out of its profits or income, such tax may be charged but the rate of tax so charged shall not exceed 15 per cent of the gross amount of such dividends, and where the dividend is paid to a parent company which is a resident of Sweden the rate of tax so charged shall not exceed 10 per cent of the gross amount of such dividend.

3. For the purposes of this Article the term "parent company" means a company resident of one of the Contracting States owning directly not less than 25 per cent of the share capital of the company resident of the other Contracting State paying the dividends.

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

5. Where a company which is a resident 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 company to persons not resident in that other Contracting State, or any tax in the nature of an undistributed profits tax on undistributed profits of the company, whether or not those dividends or undistributed profits represent, in whole or in part, profits or income so derived.

6. If the system of taxation applicable in either of the Contracting States to the profits and distributions of companies is altered the competent authorities may consult each other in order to determine whether it is necessary for this reason to amend the provisions of this Article.

## **ARTICLE VIII**

1. Interest and other income from bonds, securities, notes, debentures or any other form of indebtedness, whether or not secured by mortgages, derived from sources within one of the Contracting States by a resident of the other Contracting State may not be taxed in the first-mentioned Contracting State at a rate exceeding 15 per cent of the gross amount of such income.

2. Notwithstanding the provisions of paragraph 1 the tax on interest derived from sources within one of the Contracting States by any financial institution which is a resident of the other Contracting State shall in the first-mentioned State not exceed 10 per cent of the gross amount of the interest, if the enterprise paying the interest engages in an industrial undertaking within the meaning of paragraph 3 of this Article.

4. Paragraphs 1 and 2 above shall not apply where the recipient carries on business in the other Contracting State through a permanent establishment situated therein, with which the debt-claim from which the interest arises, is effectively connected; in such case Article III shall apply.

7. For the purposes of paragraphs 5 and 6 the term "Government" shall include, in the case of Singapore, the Board of Commissioners of Currency and in the case of Sweden, the Central Bank of Sweden and the National Debt Office.

8. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the interest paid, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship and dealing with each other at arm's length, 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 IX**

1. Royalties derived from sources within one of the Contracting States and paid to a resident of the other Contracting State shall be exempt from tax in the former Contracting State.

3. Sums derived by a resident of one of the Contracting States from sources within the other Contracting State from the alienation of any right or property from which royalties, as defined in paragraph 2 of this Article, are or may be derived, shall be exempt from tax in the other Contracting State.

5. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the royalties or profits paid, having regard to the use, right, property or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship and dealing with each other at arm's length, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

## **ARTICLE XII**

3. A resident of one of the Contracting States shall be exempt from tax in the other Contracting State on remuneration for services performed on ships or aircraft in international traffic.

## **ARTICLE XVI**

1. (b) any remuneration for personal services rendered in the first-mentioned Contracting State with a view to supplementing the resources available to him for such purposes provided the remuneration does not exceed in any calendar year 4,500 Singapore Dollars, or 7,500 Swedish Crowns as the case may be.



2. (b) any remuneration for personal services rendered in the first-mentioned Contracting State provided such services are in connection with his study, research or training or are incidental thereto provided the remuneration does not exceed in any calendar year 4,500 Singapore Dollars or 7,500 Swedish Crowns as the case may be.
3. The provisions of sub-paragraph (b) of paragraph 1 and of paragraph 2 shall apply for a period not exceeding three consecutive years.

## **ARTICLE XVII**

Where taxes on capital are imposed by one or other or both of the Contracting States the following provisions shall apply -

## **ARTICLE XIX**

4. Notwithstanding the provisions of paragraph 3 of this Article dividends paid by a company which is a resident of Singapore to a company which is a resident of Sweden shall be exempt from Swedish tax. Provided that this exemption shall not be granted unless the principal part of the profits of the Company paying the dividends arises, directly or indirectly, from business activities, other than the management of securities and other similar movable property, and such activities are carried on within Singapore by the company paying the dividends or by a company in which it owns at least 25 per cent of the share capital.

5. Notwithstanding the provisions of paragraph 3 of this Article there shall be allowed as a credit against Swedish tax payable in respect of the following items of income from sources within Singapore in the case of -

- (a) dividends, an amount of 15 per cent of the net amount of dividends received. If, however, Singapore imposes in accordance with the provisions of paragraph 2(b) of Article VII, a tax on dividends in addition to the tax chargeable in respect of the profits or income of the company paying such dividends, there shall be credited an amount of 15 per cent of the gross amount of the dividends received;
- (b) interest, within the meaning of paragraphs 1 and 2 of Article VIII, an amount of 15 per cent of the gross amount of the interest received.

The deductions in either case shall not, however, exceed that part of the Swedish income tax as computed before the deduction is given which is appropriate to the dividends or interest, as the case may be. The provisions of this paragraph shall apply for the first 10 years for which this Convention is effective. The competent authorities shall consult each other in order to determine whether such period shall be extended.

6. Notwithstanding the provisions of paragraph 3 of this Article, where royalties as defined in paragraph 2 of Article IX, are derived by a resident of Sweden from sources within Singapore, the royalties shall be exempt from Swedish tax for the first five years for which this Convention is effective. Thereafter, 50 per cent of the amount of such royalties shall be taxable in Sweden and the remaining 50 per cent of such amount shall be exempt from Swedish tax for a further period of five years. The competent authorities shall consult each other in order to determine whether the last-mentioned period shall be extended.

# ANNEX B

## EXCHANGE OF NOTES (1976)

Sir,

In pursuance of paragraphs 5 and 6 of Article XIX of the Convention between the Government of the Kingdom of Sweden and the Government of the Republic of Singapore for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, signed in Singapore on 17th June, 1968, I have the honour to propose that:-

- (a) the provisions of paragraph 5 of Article XIX shall apply for a further period of five years following the expiry of the ten year period as provided in the abovementioned paragraph 5;
- (b) where royalties as defined in paragraph 2 of Article IX are derived by a resident of Sweden from sources within Singapore, 50 per cent of the amount of such royalties shall be exempt from Swedish tax for a further period of five years following the expiry of the second five year period as provided in the abovementioned paragraph 6; and
- (c) the competent authorities shall consult each other in order to determine whether the periods in subparagraphs (a) and (b) above shall be further extended.

In the event of these proposals being acceptable to you, this Note together with your Note accepting the proposals shall constitute an agreement between the competent authorities of the Government of the Kingdom of Sweden and the Government of the Republic of Singapore for the purposes of paragraphs 5 and 6 of Article XIX.

I avail myself of this opportunity, Sir, to renew to you the assurance of my highest consideration.

Dated at Singapore this 5th day of November, 1976.

KURT MALMGREN,  
Head for Legal Affairs,  
Ministry of Finance,  
Kingdom of Sweden.

WAN FOOK HOY,  
Comptroller of Income Tax,  
Republic of Singapore.

Sir,

I have the honour to acknowledge receipt of your Note of today's date which reads as follows:-

"In pursuance of paragraphs 5 and 6 of Article XIX of the Convention between the Government of the Kingdom of Sweden and the Government of the Republic of Singapore for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, signed in Singapore on 17th, June 1968, I have the honour to propose that:-

- (a) the provisions of paragraph 5 of Article XIX shall apply for a further period of five years following the expiry of the ten year period as provided in the abovementioned paragraph 5;
- (b) where royalties as defined in paragraph 2 of Article IX are derived by a resident of Sweden from sources within Singapore, 50 per cent of the amount of such royalties shall be exempt from Swedish tax for a further period of five years following the expiry of the second five year period as provided in the abovementioned paragraph 6; and
- (c) the competent authorities shall consult each other in order to determine whether the periods in subparagraphs (a) and (b) above shall be further extended.

In the event of these proposals being acceptable to you, this Note together with your Note accepting the proposals shall constitute an agreement between the competent authorities of the Government of the Kingdom of Sweden and the Government of the Republic of Singapore for the purposes of paragraphs 5 and 6 of Article XIX."

I have the honour to inform you that the foregoing proposals are acceptable to me and that your Note of today's date and this Note, shall together constitute an agreement between the competent authorities of the Government of the Republic of Singapore and the Government of the Kingdom of Sweden for the purposes of paragraphs 5 and 6 of Article XIX.

I avail myself of this opportunity, Sir, to renew to you the assurance of my highest consideration.

Dated at Singapore this 5th day of November, 1976.

WAN FOOK HOY,  
Comptroller of Income Tax,  
Republic of Singapore.

KURT MALMGREN,  
Head for Legal Affairs,  
Ministry of Finance,  
Kingdom of Sweden.

# ANNEX C

## EXCHANGE OF NOTES (1981)

Sir,

In pursuance of paragraph (c) of the Notes exchanged between Singapore and Sweden on 5th November, 1976 relating to the extension of paragraphs 5 and 6 of Article XIX of the Convention between the Government of the Kingdom of Sweden and the Government of the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital, signed in Singapore on 17th June, 1968, I have the honour to propose that:-

- (a) the provisions of paragraph 5 of Article XIX shall apply for a further period of five years following the expiry of the extended five-year period as provided in paragraph (a) of the abovementioned Notes;
- (b) where royalties as defined in paragraph 2 of Article IX are derived by a resident of Sweden from sources within Singapore, 50 per cent of such royalties shall be exempt from Swedish tax for a further period of five years following the expiry of the extended five-year period as provided in paragraph (b) of the abovementioned Notes; and
- (c) the competent authorities shall consult each other in order to determine whether the periods in sub-paragraphs (a) and (b) above shall be further extended.

2. In the event of these proposals being acceptable to you, this Note together with your Note accepting the proposal shall constitute an agreement between the competent authorities of the Government of the Kingdom of Sweden and the Government of the Republic of Singapore for the purposes of paragraphs 5 and 6 of Article XIX.

3. I avail myself of this opportunity, Sir, to renew to you the assurance of my highest consideration.

Dated at Singapore this 10th day of November, 1981.

HSU TSE-KWANG,  
*Commissioner of Inland Revenue,  
Republic of Singapore.*

KURT MALMGREN,  
*Under-Secretary for Legal Affairs,  
Ministry of the Budget,  
Kingdom of Sweden.*

Sir,

I have the honour to acknowledge receipt of your Note of today's date which reads as follows:-

"In pursuance of paragraph (c) of the Notes exchanged between Singapore and Sweden on 5th November, 1976 relating to the extension of paragraphs 5 and 6 of Article XIX of the Convention between the Government of the Kingdom of Sweden and the Government of the Republic of Singapore for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income and Capital, signed in Singapore on 17th June, 1968, I have the honour to propose that:-

- (a) the provisions of paragraph 5 of Article XIX shall apply for a further period of five years following the expiry of the extended five-year period as provided in paragraph (a) of the abovementioned Notes;
- (b) where royalties as defined in paragraph 2 of Article IX are derived by a resident of Sweden from sources within Singapore, 50 per cent of such royalties shall be exempt from Swedish tax for a further period of five years following the expiry of the extended five-year period as provided in paragraph (b) of the abovementioned Notes; and
- (c) the competent authorities shall consult each other in order to determine whether the periods in sub-paragraphs (a) and (b) above shall be further extended.

2. In the event of these proposals being acceptable to you, this Note with your Note accepting the proposals shall constitute an agreement between the competent authorities of the Government of the Kingdom of Sweden and the Government of the Republic of Singapore for the purposes of paragraphs 5 and 6 of Article XIX."

2. I have the honour to inform you that the foregoing proposals are acceptable to me and that your Note of today's date and this Note, shall together constitute an agreement between the competent authorities of the Government of the Republic of Singapore and the Government of the Kingdom of Sweden for the purposes of paragraphs 5 and 6 of Article XIX.

3. I avail myself of this opportunity, Sir, to renew to you the assurance of my highest consideration.

Dated at Singapore this 10th day of November, 1981.

KURT MALMGREN,  
*Under-Secretary for Legal Affairs,  
Ministry of the Budget,  
Kingdom of Sweden.*

HSU TSE-KWANG,  
*Commissioner of Inland Revenue,  
Republic of Singapore.*

# ANNEX D

## EXCHANGE OF NOTES (1985)

Sir,

In pursuance of paragraphs 5, 6 and 9 of Article XIX of the Convention between the Government of the Kingdom of Sweden and the Government of the Republic of Singapore for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, signed in Singapore on 17th June 1968 and amended by the Protocol which was signed in Singapore on 28th September 1983, I have the honour to propose that:-

- (a) the provisions of paragraph 5 of Article XIX concerning the rate of Swedish tax credit to be allowed for dividends and interest derived from Singapore shall apply for a further period of five years following the expiry of the period of validity on 31st December 1985 as provided in the abovementioned paragraph 5;
- (b) where royalties as defined in paragraph 2 of Article IX are derived by a resident of Sweden from sources within Singapore, 50 per cent of the amount of such royalties shall be exempt from Swedish tax for a further period of five years following the expiry of the period of validity on 31st December 1985 as provided in the abovementioned paragraph 6;
- (c) the provisions of paragraph 9 of Article XIX concerning the meaning of the terms "Singapore tax payable" and "normal corporate income tax in Singapore or an income tax comparable thereto" for the purposes of paragraph 3 and 4 of Article XIX shall apply for a further period of five years following the expiry of the period of validity on 31st December 1985 as provided in the abovementioned paragraph 9; and
- (d) the competent authorities shall consult each other in order to determine whether the periods in subparagraphs (a), (b) and (c) above shall be further extended.

2. In the event of these proposals being acceptable to you, this Note together with your Note accepting the proposals shall constitute an agreement between the competent authorities of the Government of the Kingdom of Sweden and the Government of the Republic of Singapore for the purposes of paragraphs 5, 6 and 9 of Article XIX.

3. I avail myself of this opportunity, Sir, to renew to you the assurance of my highest consideration.

Dated at Singapore this 4th day of March 1985.

KURT MALMGREN,  
*Under-Secretary for Legal Affairs,  
Ministry of Finance,  
Kingdom of Sweden.*

HSU TSE-KWANG,  
*Commissioner of Inland Revenue,  
Republic of Singapore.*

Sir,

I have the honour to acknowledge receipt of your Note of today's date which reads as follows:-

"In pursuance of paragraphs 5, 6 and 9 of Article XIX of the Convention between the Government of the Kingdom of Sweden and the Government of the Republic of Singapore for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, signed in Singapore on 17th June 1968 and amended by the Protocol which was signed in Singapore on 28th September 1983, I have the honour to propose that:-

- (a) the provisions of paragraph 5 of Article XIX concerning the rate of Swedish tax credit to be allowed for dividends and interest derived from Singapore shall apply for a further period of five years following the expiry of the period of validity on 31st December 1985 as provided in the abovementioned paragraph 5;
- (b) where royalties as defined in paragraph 2 of Article IX are derived by a resident of Sweden from sources within Singapore, 50 per cent of the amount of such royalties shall be exempt from Swedish tax for a further period of five years following the expiry of the period of validity on 31st December 1985 as provided in the abovementioned paragraph 6;
- (c) the provisions of paragraph 9 of Article XIX concerning the meaning of the terms "Singapore tax payable" and "normal corporate income tax in Singapore or an income tax comparable thereto" for the purposes of paragraph 3 and 4 of Article XIX shall apply for a further period of five years following the expiry of the period of validity on 31st December 1985 as provided in the abovementioned paragraph 9; and
- (d) the competent authorities shall consult each other in order to determine whether the periods in subparagraphs (a), (b) and (c) above shall be further extended.

2. In the event of these proposals being acceptable to you, this Note together with your Note accepting the proposals shall constitute an agreement between the competent authorities of the Government of the Kingdom of Sweden and the Government of the Republic of Singapore for the purposes of paragraphs 5, 6 and 9 of Article XIX."

2. I have the honour to inform you that the foregoing proposals are acceptable to me and that your Note of today's date and this Note, shall together constitute an agreement between the competent authorities of the Government of the Republic of Singapore and the Government of the Kingdom of Sweden for the purposes of paragraphs 5, 6 and 9 of Article XIX.

3. I avail myself of this opportunity, Sir, to renew to you the assurance of my highest consideration.

Dated at Singapore this 4th day of March 1985.

HSU TSE-KWANG,  
*Commissioner of Inland Revenue,  
Republic of Singapore.*

KURT MALMGREN,  
*Under-Secretary for Legal Affairs,  
Ministry of Finance,  
Kingdom of Sweden.*

# ANNEX E

## EXCHANGE OF NOTES (1991)

STEFAN ERSSON,  
Director, International Tax Department,  
Ministry of Finance,  
Kingdom of Sweden.

Sir,

In pursuance of paragraphs 5, 6 and 9 of Article XIX of the Convention between the Government of the Kingdom of Sweden and the Government of the Republic of Singapore for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, signed in Singapore on 17th June 1968 and amended by the Protocol which was signed in Singapore on 28th September 1983, I have the honour to propose that:

- (a) the provisions of paragraph 5 of Article XIX concerning the rate of Sweden tax credit to be allowed for dividends and interest derived from Singapore shall apply for a period of ten years following the expiry of the period of validity on 31st December 1990. However, if from the Swedish tax, in respect of the dividends paid after 31st December 1991, a standard deduction of 10% of the gross amount of the dividends is given under Swedish internal law the said paragraph is to be interpreted in such a way to give the taxpayer a right to an additional credit of 5% of the net amount of the dividends received;
- (b) where royalties as defined in paragraph 2 of Article IX are derived by a resident of Sweden from sources within Singapore, 50% of the amount of such royalties shall be exempt from Swedish tax as provided in paragraph 6 of Article XIX for a further period of ten years following the expiry of the period of validity on 31st December 1990;
- (c) the provisions of paragraph 9 of Article XIX concerning the meaning of the terms "Singapore tax payable" and "normal corporate income tax in Singapore or an income tax comparable thereto" for the purposes of paragraphs 3 and 4 of Article XIX shall apply for a further period of one year following the expiry of the period of validity on 31st December 1990;
- (d) the provisions of paragraph 9 of Article XIX which relates to the following incentive provisions contained in the following sections of the Singapore Economic Expansion Incentives (Relief from Income Tax) Act:

Section 13	Exemption from tax on the income of pioneer companies.
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Section 19	Section 19 makes applicable the provisions of section 13 to pioneer service companies.
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Section 19B(5)	Concessionary tax rate of not less than 10%, as Minister may specify, on income of a post-pioneer company for a period not exceeding 5 years. With effect from Year of Assessment 1991, this was extended to 10 years.
Section 24(5)	Exemption from tax on the incremental expansion income of an expanding enterprise.
Section 28	Section 28 makes applicable the provisions of section 24(5) to expanding service companies.
Section 39(3)	Exemption from tax on 90% of the qualifying export profits of an export enterprise. (Tax relief period ranges from 3 years to 15 years as stipulated under section 32)
Section 44F(2)	Exemption from tax on 90% of the qualifying export income of an export service company.
Section 51(2)	Exemption from tax on one-half of the incremental export income qualifying for relief, of an international trading company.
Section 72	Section 72 makes applicable the provisions of sections 53(3) and 53(6) to a company enjoying Investment Allowance incentive. Any amount of chargeable income made exempt by an amount of investment allowance, to be credited to an exempt dividend account for purposes of declaring exempt dividends, except dividends on preferential shares.
Section 81(2)	Exemption from tax on one-half of the qualifying export income of a warehousing or servicing company. (Tax relief period is 5 years from its commencement day).
Section 89(2)	Exemption from tax on one-half of the qualifying income from the provision of consultancy services on approved overseas projects of a consultancy company or consultancy firm. "Consultancy services" is defined in section 85. (Tax relief period is 5 years from its commencement date);

so far as they were in force on, and have not been modified since 31st December 1990, or have been modified only in minor respects so as not to affect their general character shall apply for a further period from 1st January 1992 up to 31st December 2000; and

- (e) the competent authorities shall consult each other in order to determine whether the periods in sub-paragraphs (a), (b) and (d) above shall be further extended.

2. In the event of these proposals being acceptable to you, this letter together with your letter accepting the proposals shall constitute an agreement between the competent authorities of the Government of the Kingdom of Sweden and of the Government of the Republic of Singapore for the purposes of paragraphs 5, 6 and 9 of Article XIX.

3. I avail myself of this opportunity, Sir, to renew to you the assurance of my highest consideration.

Dated at Singapore this 7th day of June 1991.

TAN BOEN ENG,  
*Senior Deputy Commissioner of  
Inland Revenue,  
Republic of Singapore.*

TAN BOEN ENG,  
Senior Deputy Commissioner of Inland Revenue,  
Republic of Singapore.

Sir,

I have the honour to acknowledge receipt of your letter of the 7th day of June 1991 which reads as follows:

"In pursuance of paragraphs 5, 6 and 9 of Article XIX of the Convention between the Government of the Kingdom of Sweden and the Government of the Republic of Singapore for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and capital, signed in Singapore on 17th June 1968 and amended by the Protocol which was signed in Singapore on 28th September 1983, I have the honour to propose that:

- (a) the provisions of paragraph 5 of Article XIX concerning the rate of Sweden tax credit to be allowed for dividends and interest derived from Singapore shall apply for a period of ten years following the expiry of the period of validity on 31st December 1990. However, if from the Swedish tax, in respect of the dividends paid after 31st December 1991, a standard deduction of 10% of the gross amount of the dividends is given under Swedish internal law the said paragraph is to be interpreted in such a way to give the taxpayer a right to an additional credit of 5% of the net amount of the dividends received;
- (b) where royalties as defined in paragraph 2 of Article IX are derived by a resident of Sweden from sources within Singapore, 50% of the amount of such royalties shall be exempt from Swedish tax as provided in paragraph 6 of Article XIX for a further period of ten years following the expiry of the period of validity on 31st December 1990;
- (c) the provisions of paragraph 9 of Article XIX concerning the meaning of the terms "Singapore tax payable" and "normal corporate income tax in Singapore or an income tax comparable thereto" for the purposes of paragraphs 3 and 4 of Article XIX shall apply for a further period of one year following the expiry of the period of validity on 31st December 1990;
- (d) the provisions of paragraph 9 of Article XIX which relates to the following incentive provisions contained in the following sections of the Singapore Economic Expansion Incentives (Relief from Income Tax) Act:
  - Section 13            Exemption from tax on the income of pioneer companies.
  - Section 19            Section 19 makes applicable the provisions of section 13 to pioneer service companies.
  - Section 19B(5)        Concessionary tax rate of not less than 10%, as Minister may specify, on income of a post-pioneer company for a period not exceeding 5 years. With effect from Year of Assessment 1991, this was extended to 10 years.

Section 24(5)	Exemption from tax on the incremental expansion income of an expanding enterprise.
Section 28	Section 28 makes applicable the provisions of section 24(5) to expanding service companies.
Section 39(3)	Exemption from tax on 90% of the qualifying export profits of an export enterprise. (Tax relief period ranges from 3 years to 15 years as stipulated under section 32).
Section 44F(2)	Exemption from tax on 90% of the qualifying export income of an export service company.
Section 51(2)	Exemption from tax on one-half of the incremental export income qualifying for relief, of an international trading company.
Section 72	Section 72 makes applicable the provisions of sections 53(3) and 53(6) to a company enjoying Investment Allowance incentive. Any amount of chargeable income made exempt by an amount of investment allowance, to be credited to an exempt dividend account for purposes of declaring exempt dividends, except dividends on preferential shares.
Section 81(2)	Exemption from tax on one-half of the qualifying export income of a warehousing or servicing company. (Tax relief period is 5 years from its commencement day).
Section 89(2)	Exemption from tax on one-half of the qualifying income from the provision of consultancy services on approved overseas projects of a consultancy company or consultancy firm. "Consultancy services" is defined in section 85. (Tax relief period is 5 years from its commencement date);

so far as they were in force on, and have not been modified since 31st December 1990, or have been modified only in minor respects so as not to affect their general character shall apply for a further period from 1st January 1992 up to 31st December 2000; and

- (e) the competent authorities shall consult each other in order to determine whether the periods in sub-paragraphs (a), (b) and (d) above shall be further extended.

2. In the event of these proposals being acceptable to you, this letter together with your letter accepting the proposals shall constitute an agreement between the competent authorities of the Government of the Kingdom of Sweden and of the Government of the Republic of Singapore for the purposes of paragraphs 5, 6 and 9 of Article XIX.”.

2. I have the honour to inform you that the foregoing proposals are acceptable to me and that your letter of the 7th day of June 1991 and this letter, shall together constitute an agreement between the competent authorities of the Government of the Republic of Singapore and the Government of the Kingdom of Sweden for the purpose of paragraphs 5, 6 and 9 of Article XIX.

3. I avail myself of this opportunity, Sir, to renew to you the assurance of my highest consideration.

Dated at Stockholm this 28th day of June 1991.

STEFAN ERSSON,  
*Director,*  
*International Tax Department,*  
*Ministry of Finance,*  
*Kingdom of Sweden.*