

CONVENTION

BETWEEN THE GOVERNMENT OF THE KINGDOM OF SWEDEN AND THE  
GOVERNMENT OF THE RUSSIAN FEDERATION FOR THE AVOIDANCE  
OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME

The Government of the Kingdom of Sweden and the  
Government of the Russian Federation,

desiring to conclude a Convention for the Avoidance  
of Double Taxation with respect to Taxes on Income,

have agreed as follows:

Article 1

Personal scope

This Convention shall apply to persons who are  
residents of one or both of the Contracting States.

Article 2

Taxes covered

1. This Convention shall apply to taxes on income  
imposed on behalf of each Contracting State,  
irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income all  
taxes imposed on total income, or on elements of

income, including taxes on gains from the alienation of movable or immovable property, as well as taxes on capital appreciation.

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

(a) In the Russian Federation:

the taxes on income and profits imposed in accordance with the Laws of the Russian Federation "On taxes on profits of enterprises and organisations", "On taxation of income of banks", "On taxation on income from insurance activities" and "On the income tax on individuals"

(hereinafter referred to as "Russian tax");

(b) in Sweden:

(i) the National income tax (den statliga inkomstskatten), including the sailors' tax (sjömansskatten) and the coupon tax (kupongskatten);

(ii) the special income tax for non-residents (särskild inkomstskatt för utomlands bosatta);

(iii) the special income tax for non-resident artistes and athletes (den särskilda inkomstskatten för utomlands bosatta artister m.fl.);

(iv) the real estate tax (den statliga fastighetsskatten); and

(v) the municipal income tax (den kommunala inkomstskatten)

(hereinafter referred to as "Swedish tax").

4. The Convention shall apply also to any identical or substantially similar taxes which are imposed after the date of signature of the Convention in addition to, or in place of, the taxes referred to in paragraph 3. The competent authorities of the Contracting States shall notify each other of any substantial changes which have been made in their respective taxation laws.

### Article 3

#### General definitions

1. For the purposes of this Convention, unless the context otherwise requires:

(a) the term "Russia" means the Russian Federation, and when used in a geographical sense, the term "Russia" includes its territory, the territorial sea and also the economic zone and continental shelf in which the Russian Federation may exercise sovereign rights and jurisdiction in accordance with international law and in which the tax legislation of the Russian Federation is in force;

(b) the term "Sweden" means the Kingdom of Sweden and, when used in a geographical sense, includes the national territory, the territorial sea of Sweden as well as other maritime areas over which Sweden in accordance with international law exercises sovereign rights or jurisdiction;

(c) the terms "a Contracting State" and "the other Contracting State" mean Russia or Sweden, as the context requires;

(d) the term "person" includes an individual, any legal entity, and any other association of persons created in accordance with the laws of a Contracting State and which is treated as a legal entity for tax purposes;

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

(f) the term "international traffic" means any transport by a ship or aircraft operated by a resident of a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;

(g) the term "competent authority" means:

(i) in Russia, the Ministry of Finance or its authorized representative;

(ii) in Sweden, the Minister of Finance, his authorized representative or the authority which is designated as a competent authority for the purposes of this Convention.

2. As regards the application of the Convention by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the law of that State concerning the taxes to which the Convention applies.

#### Article 4

##### Resident

1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of registration, place of management or any other criterion of a similar nature. This term does not include any person who is liable to tax in that State in respect only of income from sources in that State.

2. Where by reason of the provisions of paragraph (1) an individual is a resident of both Contracting States, then his status shall be determined as follows:

(a) he shall be deemed to be a resident of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident of the State with which his personal and economic relations are closer (centre of vital interests);

(b) if the State in which he has his centre of vital

interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident of the State in which he has an habitual abode;

(c) if he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident of the State of which he is a citizen;

(d) if a Contracting State considers him to be a citizen of that State and the other Contracting State considers him to be a citizen of that other State, or if neither State considers him to be a citizen, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident of the State in which its place of effective management is situated.

## Article 5

### Permanent establishment

1. For the purposes of this Convention, the term "permanent establishment" means a fixed place of business through which a resident of a Contracting State carries on business activities in the other Contracting State.

2. The term "permanent establishment" includes especially:

- (a) a place of management;
- (b) a branch;
- (c) an office;
- (d) a factory;
- (e) a workshop; and

(f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

3. The term "permanent establishment" likewise encompasses a building site, a construction, assembly or installation project or supervisory activities in connection therewith, but only where such site, project or activities are carried on for a period of more than twelve months.

4. Notwithstanding the preceding provisions of this Article, the following kinds of activity of a person which is a resident of a Contracting State will not be treated as carried on in the other Contracting State through a permanent establishment:

(a) the use of facilities solely for the purpose of storage, display, or delivery of goods or merchandise belonging to this person;

(b) the maintenance of a stock of goods or merchandise belonging to this person solely for the purpose of storage, display, or delivery;

(c) the maintenance of a stock of goods or merchandise belonging to this person solely for the purpose of processing by another person;

(d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or of collecting information, for this person;

(e) the maintenance of a fixed place of business solely for the purpose of carrying on, for this person, any other activity of a preparatory or auxiliary character;

(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 which is a resident of a Contracting State carries on activities in the other Contracting State through an agent, that person shall be deemed to have a permanent establishment in that other State in respect of any activities which the agent undertakes for that person, if the agent meets each of the following conditions:

(a) he has an authority to conclude contracts in that other State in the name of that person;

(b) he habitually exercises that authority;

(c) he is not an agent of an independent status to whom the provisions of paragraph 6 apply; and

(d) his activities are not limited to those mentioned in paragraph 4.

6. A resident of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other State through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business. However, when the activities of such an agent are devoted wholly or almost wholly on behalf of that resident, he will not be considered an agent of an independent status within the meaning of this paragraph.

7. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other State (whether through a permanent establishment or otherwise) shall not of itself constitute either company a permanent establishment of the other.

## Article 6

### Income from immovable property

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.

2. The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question is situated. 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 income from immovable property used for the performance of independent personal services.

## Article 7

### Business profits



1. The business profits of a resident of a Contracting State shall be taxable only in that State unless the resident carries on business in the other Contracting State through a permanent establishment situated therein. If the resident carries on business as aforesaid, the profits of the resident may be taxed in the other State, but only so much of them as is attributable to that permanent establishment.

2. Subject to the provisions of paragraph 3, where a resident of a Contracting State carries on business in the other Contracting State through a permanent establishment situated therein, there shall in each Contracting State be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate person engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the resident of which it is a permanent establishment.

3. In determining the profits of a permanent establishment deductions should be allowed with documentary confirmed expenses, incurred for the aims of the activity of that establishment including managerial and general administrative expenses, irrespective of whether these expenses were incurred in the State where the permanent establishment is situated or outside that State.

4. If in one Contracting State there is a rule of determining the share of profits related to the permanent establishment on the basis of proportional distribution of the total profits of a person among his individual subdivisions, then the provisions of paragraph 2 shall not prevent the application of this rule. But the adopted method of proportional

distribution of profits must not contradict the principles contained in this Article.

5. No profits shall be attributed to a permanent establishment of a person which is a resident of a Contracting State by reason of the mere purchase by the permanent establishment of goods or merchandise for that person.

6. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

7. Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

#### Article 8

##### Income from international shipping and air transport

1. Any income received by a resident of a Contracting State from the operation of ships or aircraft in international traffic, including such calculated in respect of total tonnage, shall be taxable only in that State.

2. For the aims of this Convention the income from the operation of ships or aircraft in international traffic shall mean the income received by the person operating the transport facilities referred to in paragraph 1 of this Article, from direct use, from renting or using the transport means in any other form, including the use, maintenance or rental of containers

and equipment related to it.

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

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

#### Article 9

##### Adjustment of income

##### 1. Where:

(a) a person which is a resident of a Contracting State participates directly or indirectly in the management, control or capital of a person which is a resident of the other Contracting State, or

(b) the same persons participate directly or indirectly in the management, control or capital of a person which is a resident of a Contracting State and any other person,

and in either case conditions are made or imposed between the two persons in their commercial or financial relations which differ from those which would be made between independent persons, then any income which would, but for those conditions, have accrued to one of the persons, but, by reason of those conditions, have not so accrued, may be included in the income of that person and taxed accordingly.

2. Where, in accordance with the provisions of paragraph 1, income which has been included by a Contracting State in the income of a person is also included by the other Contracting State in the income of another person, then the first State shall make a correlative adjustment to the amount of tax charged to the first person on such income. In determining this adjustment, due regard shall be paid to the other provisions of this Convention, and the competent authorities of the Contracting States shall consult each other as necessary.

#### Article 10

##### Dividends

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.

2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed:

(a) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly 100 per cent of the capital of the company paying the dividends; or in the case of a joint venture not less than 30 per cent of the capital of such joint venture; and in either case the foreign capital invested exceeds 100 000 USD or an equivalent amount in the national currencies of the Contracting States at the moment of the actual distribution of the dividends;

(b) 15 per cent of the gross amount of the dividends

in all other cases.

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, mining shares, founders' 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 State 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 Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

5. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated 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.

## Article 11

### Interest

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State if such a resident is the beneficial owner of the interest.

2. 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.

3. The provisions of paragraph 1 shall not apply if the beneficial owner of the interest, being a resident of a Contracting State, carries on business in the other Contracting State in which the interest arises, through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

4. Where by reason of a special relationship between

the payer and the 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 Contracting State, due regard being had to the other provisions of this Convention.

## Article 12

### Royalties

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State if such a resident is the beneficial owner of the royalties.

2. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films and films or tapes for radio or television broadcasting, any patent, trade mark, design or model, plan, secret formula or process, any computer software program, or for information concerning industrial, commercial or scientific experience.

3. The provisions of paragraph 1 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a permanent establishment situated therein, or performs in that other State independent personal

services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

4. 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 Contracting State, due regard being had to the other provisions of this Convention.

#### Article 13

##### Income from the increment of the value of property

1. The income derived by a resident of a Contracting State from the alienation of immovable property referred to in Article 6 and situated in the other Contracting State may be taxed in that other State.

2. Income from the alienation of movable property forming part of the business property of a permanent establishment which a resident of a Contracting State has in the other Contracting State or of movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, including such income



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

3. Income derived by a resident of a Contracting State 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 State.

With respect to income derived by the Swedish, Danish and Norwegian air transport consortium Scandinavian Airlines System (SAS), the provisions of this paragraph shall apply only to such portion of the income as corresponds to the participation held in that consortium by AB Aerotransport (ABA), the Swedish partner of Scandinavian Airlines System (SAS).

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

Notwithstanding the preceding provision of this paragraph, income from the alienation of shares or other corporate rights of a company which is a resident of one of the Contracting States derived by a person who has been a resident of that State and who has become a resident of the other Contracting State, may be taxed in the first-mentioned State if the alienation of the shares or other corporate rights occur at any time during the five years next following the date on which the person has ceased to be a resident of the first-mentioned State.

#### Article 14

#### Income from independent personal services

1. Income derived by an individual who is a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable in that State. However, such income may also be taxed in the other Contracting State but only if:

(a) the individual has a fixed base regularly available to him in that other State for the purpose of performing his activities, but only so much thereof as is attributable to that fixed base, or

(b) the individual is present in that other State for a period or periods exceeding in the aggregate 183 days within any period of 12 months, but only so much thereof as is attributable to services performed in that State.

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

##### Income from employment

1. Subject to the provisions of Articles 16, 18 and 19, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

2. Notwithstanding the provisions of paragraph (1), remuneration derived by a resident of a Contracting

State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:

(a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days within any period of 12 months; and

(b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State; and

(c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by a resident of a Contracting State may be taxed in that State. Where a resident of Sweden derives remuneration in respect of an employment exercised aboard an aircraft operated in international traffic by the air transport consortium Scandinavian Airlines System (SAS), such remuneration shall be taxable only in Sweden.

#### Article 16

##### Income received as a member of a board of directors

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

#### Article 17

##### Income of artistes and sportsmen

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a Contracting State as an entertainer, 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 Contracting State, may be taxed in that other State.

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

3. Notwithstanding the provisions of paragraphs 1 and 2 income derived from sources outside the State in which the activities are exercised by an entertainer or sportsman from his personal activities as such shall be exempt from tax in the Contracting State in which these activities are exercised if the activities are exercised within the framework of an intergovernmental program for cultural co-operation and of a visit which is wholly financed by the other Contracting State, a political subdivision, a local authority or a public institution thereof. The aforementioned incentive shall be given upon presenting a document of an authority of the other Contracting State or its political subdivision or of a local authority or administrative competent institutions which confirms the fact that the performances of the artiste or sportsman are conducted within the scope of the agreed program of cultural exchanges, and which are certified by the Central Tax Authority of the State in which the artiste or sportsman is a resident. However, the provisions of

Articles 7, 14 and 15 shall apply to income derived from activities carried out in connection with a business carried on by a Contracting State or a political subdivision or a local authority or administrative competent institutions thereof.

#### Article 18

##### Pensions and other similar payments

1. Pensions and other similar remuneration paid according to the legislation in force in a Contracting State as well as other disbursements under the Social Security legislation of that State and annuities arising in that State and paid to a resident of the other Contracting State may be taxed in the first-mentioned Contracting State.

2. However, pensions paid in respect of past private employment to a resident of a Contracting State who is a citizen of that State shall be taxable only in that State.

#### Article 19

##### Remuneration from government service

1.(a) Remuneration, other than a pension, paid by a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or authority shall be taxable only in that State.

(b) However, such remuneration shall be taxable only in the other Contracting State if the services are rendered in that other State and the individual is a resident of that State who:

(i) is a citizen of that State; or

(ii) did not become a resident of that State solely for the purpose of rendering the services.

2. The provisions of Articles 15, 16 and 18 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or a local authority thereof.

#### Article 20

#### The amounts paid to students, business apprentices, teachers and researchers

1. Payments which a student or business apprentice who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that State, provided that such payments arise from sources outside that State.

2. The provisions of paragraph 1 is also extended to remuneration paid to a teacher or a researcher who is, or immediately before visiting a Contracting State was, a resident of the other Contracting State and is present in the first-mentioned Contracting State for the primary purpose of teaching, giving lectures or conducting research at a university, college, school or other educational institution or a scientific research institution the activities of which have been approved by the Government of the first-mentioned State. Such remuneration shall be exempt from tax in the first-mentioned Contracting State for a period of two years from the date of his first arrival in that State in respect of remuneration for such teaching, lectures or

research, provided that such remuneration arise from sources within the other Contracting State.

#### Article 21

##### Other income

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

2. The provisions of paragraph 1 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 Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein, or performs in that other State 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

##### Elimination of double taxation

1. In the case of Russia, double taxation shall be eliminated as follows:

Where a resident of Russia receives income which according to the provisions of this Convention may be taxed in Sweden, the amount of tax on such income due to be paid in Sweden shall be deducted from the tax levied on the income of such a person in Russia. Such

deduction shall not, however, exceed the amount of the tax calculated in respect of such income in accordance with the laws and rules of Russia.

2. In the case of Sweden, double taxation shall be avoided as follows:

(a) Where a resident of Sweden derives income which under the laws of Russia and in accordance with the provisions of this Convention may be taxed in Russia, Sweden shall allow - subject to the provisions of the law of Sweden concerning credit for foreign tax (as it may be amended from time to time without changing the general principle hereof) - as a deduction from the tax on such income, an amount equal to the Russian tax paid in respect of such income.

(b) Where a resident of Sweden derives income which, in accordance with the provisions of this Convention, shall be taxable only in Russia, Sweden may, when determining the graduated rate of Swedish tax, take into account the income which shall be taxable only in Russia.

(c) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, dividends paid by a company which is a resident of Russia to a company which is a resident of Sweden shall be exempt from Swedish tax according to the provisions of Swedish law governing the exemption of tax on dividends paid to Swedish companies by subsidiaries abroad.

### Article 23

#### Non-discrimination

1. Citizens of a Contracting State or legal entities and partnerships deriving their status as such from the laws in force in that State or wholly or partly owned by persons who are residents of that State shall not be



subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which citizens, legal entities and partnerships of that other State in the same circumstances are or may be subjected. This provision shall, notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the Contracting States as well as to stateless persons who are residents of a Contracting State. The provisions of this paragraph shall not be construed as obliging a Contracting State to grant to citizens, legal entities or partnerships of the other State tax benefits granted by special agreements to citizens, legal entities or partnerships of a third State.

2. The taxation on a permanent establishment which a resident of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on residents of that other State carrying on similar activities under the same conditions.

3. Nothing contained in this Article shall be interpreted to give in a Contracting State to individuals not resident in that State the right to any of the personal allowances, reliefs and reductions for tax purposes which are granted to individuals who are residents of that State.

4. Nothing contained in this Article shall be construed as obliging a Contracting State to grant tax incentives or other similar benefits to citizens or other such persons referred to in paragraph 1 of the other Contracting State only because such incentives or benefits are being granted by the first-mentioned State

to such persons of a third State under special agreements.

5. The provisions of this Article shall apply to the taxes which are the subject of this Convention.

#### Article 24

##### Mutual agreement procedure

1. Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 23, to that of the Contracting State of which he is a national. 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 Convention.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with the Convention. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any problems arising as to the interpretation or

application of the Convention. They may also consult together for the elimination of double taxation in cases not provided for in the Convention.

4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

#### Article 25

##### Exchange of information

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the Contracting States concerning taxes covered by the Convention, insofar as the taxation thereunder is not contrary to the Convention. The exchange of information is not restricted to the information concerning residents of the Contracting States or the exchange of information stipulated in Article 2. Any information received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in 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 Convention. 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 Contracting State the

obligation:

(a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other Contracting State;

(b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other Contracting State;

(c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information, the disclosure of which would contradict state interests.

3. If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall obtain the information to which the request relates in the same manner and to the same extent as if the tax of the first-mentioned State were the tax of that other State and were being imposed by that other State. If specifically requested by the competent authority of a Contracting State, the competent authority of the other Contracting State shall provide information under this Article in the form of depositions of witnesses and authenticated copies of complete original documents (including books, papers, statements, records, accounts, and writings), to the same extent such depositions and documents can be obtained under the laws and administrative practices of that other State with respect to its own taxes.

#### Article 26

##### Members of diplomatic missions and consular officers

Nothing in this Convention shall affect the fiscal privileges of members of diplomatic missions and consular officers or employees of a consular

establishment under the general rules of international law or under the provisions of special agreements.

#### Article 27

##### Special provisions

In case the Contracting States adopt a legislation about tax incentives in separate areas of the national territories of these States, the competent authorities shall by mutual agreement determine the mechanism of applying the provisions of this Convention to persons receiving incentives in accordance with the aforementioned legislation.

#### Article 28

##### Entry into force of the Convention

1. This Convention shall be ratified and enter into force upon the exchange of instruments of ratification and its provisions shall have effect:

(a) in respect of taxes withheld at source, on amounts paid on or after the first day of January in the calendar year next following that of the entry into force of the Convention; and

(b) in respect of other taxes on income, on taxable years and periods beginning on or after the first day of January of the calendar year next following that of the entry into force of the Convention.

2. The Agreement between the Government of the Kingdom of Sweden and the Government of the Union of Soviet Socialist Republics for the avoidance of double taxation with respect to taxes on income and on capital signed in Moscow on 13 October 1981, the Protocol concerning mutual tax exemption for shipping

enterprises signed in Stockholm on 5 April 1973 and the Protocol concerning mutual tax exemption for enterprises engaged in international air traffic and their employees, drawn up in connection with the Agreement between the Government of Sweden and the Government of the Soviet Socialist Republics with respect to air traffic relations, signed in Stockholm on 8 February 1971, shall in relation between the Russian Federation and Sweden terminate upon the entry into force of this Convention. However, the provisions of the 1981 Agreement as well as the 1971 and 1973 Protocols shall continue in effect until the provisions of this Convention, in accordance with the provisions of paragraph 1 of this Article, shall have effect.

#### Article 29

##### Termination of the Convention

This Convention shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Convention, through diplomatic channels, by giving written notice of termination at least six months before the end of any calendar year. In such case, the Convention shall cease to have effect:

(a) in respect of taxes withheld at source on amounts paid on or after the first day of January next following that in which the notice of termination is given; and

(b) in respect of other taxes on income, on taxable years and periods beginning on or after the first day of January of the year next following that in which the notice of termination is given.

Done in Stockholm, this 14<sup>th</sup> day of June 1993,  
in duplicate in the Russian, Swedish and English  
languages. All the three texts being equally authentic.  
In case of any divergence of interpretation the English  
text shall prevail.

For the Government of  
the Kingdom of Sweden

Anne Wibe

For the Government of  
the Russian Federation

Y. Y. Y.