31/5/95

CONVENTION BETWEEN THE ARGENTINE REPUBLIC AND THE KINGDOM OF SWEDEN FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME.

The Government of the Argentine Republic 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, 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 or of its political subdivisions or local authorities, 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 Argentina:

(i) the income tax (impuesto a las ganancias);

(ii) the assets tax (impuesto sobre los activos); and

(iii) the personal assets tax (impuesto sobre los bienes personales no incorporados al proceso económico);

(hereinafter referred to as "Argentine Tax");

(b) In Sweden:

(i) the National income tax (den statliga inkomstskatten), including the tax for employees at sea (sjömansskatten) and the withholding tax on dividends (kupongskatten);

(ii) the income tax for non-residents (den särskilda inkomstskatten för utomlands bosatta);

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

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

(b) the term "person" includes an individual, a company and any other body of persons;

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

(d) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;

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

(f) the term "tax" means the Argentine tax or Swedish tax as the context requires;

(g) the term "national" means:

(i) any individual possessing the nationality of a Contracting State;

(ii) any legal person, partnership and association deriving its status as such
from the laws in force in a Contracting State;

(h) the term "competent authority" means:

(i) in the Argentina, the Ministry of Economy and Works and Public Services, Secretariat of Public Revenue (el Ministerio de Economía
y Obras y Servicios Públicos, Secretaría de Ingresos Públicos);

(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 laws in force 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:

(a) any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management, place of incorporation or any other criterion of a similar nature; but 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;

(b) the government of that State or a political subdivision or local authority thereof or any agency or instrumentality of such government, subdivision or authority;

(c) however, in the case of a partnership or estate the term applies only to the extent that the income derived by such partnership or estate is subjected to tax in that State as the income of a resident, either in its hands or in the hands of its partners.

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 interest);

(b) if the State in which he has his centre of vital interest can not 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 national;

(d) if he is a national of both States or of neither of them, the competent authorities of the Contracting States shall settle the question by mutual agreement.

3. Where by reason of the provisions of paragraph 1, a person other than an individual is a resident of both Contracting States then the competent authorities of the Contracting States shall by mutual agreement endeavour to settle the question and to determine the mode of application of the Convention to such person.

Article 5

Permanent establishment

1. For the purposes of this Convention, the term "permanent establishment" means a fixed place of business through which the business of an enterprise is wholly or partly carried on.

2. The term "permanent establishment" includes especially:

(a) a place of management;

(b) a branch;

(c) an office;

(d) a factory;

(e) a workshop; and

(f) a mine, an oil or gas well, a quarry or any other place relating to the exploitation of natural resources.

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, the furnishing of services, including consultancy and exploration services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose, shall be considered a permanent establishment where such activities continue within the country for a period or periods aggregating more than six months within any twelve month period.

4. A building site, a construction, assembly or installation project or supervisory activities in connection therewith constitutes a permanent establishment only if it lasts more than six months.

5. Offshore activities in the other Contracting State in connection with the exploration or exploitation of the sea bed and sub-soil and their natural resources situated in that other State, as well as fishing conducted in the exclusive economic zone of that State, shall be considered a permanent establishment where the activities are carried on for a period or periods

exceeding in the aggregate 30 days in any twelve month period.

6. Notwithstanding the preceding provisions of this Article, the term "permanent establishment" shall be deemed not to include:

(a) the use of facilities solely for the purpose of storage or display of goods or merchandise belonging to the enterprise;

(b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage or display;

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

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

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

(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.

7. Notwithstanding the provisions of paragraphs 1 and 2, where a person - other than an agent of an independent status to whom paragraph 8 applies - is acting in a Contracting State on behalf of an enterprise of the other Contracting State, that entreprise shall be deemed to have a permanent establishment in the first-mentioned Contracting State in respect of any activities which that person undertakes for the enterprise, if such a person has and habitually exercises in that State an authority to conclude contracts in the name of the enterprise, unless the activities of such person are limited to those mentioned in paragraph 6 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

8. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because it carries on business in that other State through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business. However, when activities of such an agent are devoted wholly or almost wholly on

behalf of that enterprise, he will not be considered an agent of an independent status within the meaning of this paragraph, if it is shown that the transactions between the agent and the enterprise were not made under arm's length conditions.

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

attributable to:

(a) that permanent establishment; or

(b) sales in that other State of goods or merchandise of the same or similar kind as those sold through that permanent establishment; or

(c) other business activities carried on in that other State of the same or similar kind as those effected through that permanent establishment.

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

3. In the determination of the profits of a permanent establishment, there shall be allowed as deduction expenses which are incurred for the purposes of the business of the permanent establishment, including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

4. Notwithstanding the provisions of paragraph 1, profits derived by an enterprise of a Contracting State from the activity of granting insurance or re-insurance covering property situated in the other Contracting State or persons which are residents of that other State, at the time of the conclusion of the insurance contract, may be taxed in that other State, whether or not the enterprise carries on its activity in that other State through a permanent establishment situated therein. However, in such case, the tax charged in that other State shall not exceed 2.5 per cent of the gross amount of the premium.

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

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

Shipping and Air Transport

1. Profits of an enterprise of a Contracting State from the operation of ships or aircraft in international traffic shall be taxable only in that State.

2. The provisions of paragraph 1 shall also apply to profits of an enterprise of a Contracting State engaged in the operation of ships and aircraft in international traffic from the participation in a pool, a joint business, or an international operating agency.

Article 9

Associated enterprises

1. Where:

(a) an enterprise of a Contracting State participates directly or indirectly in the management, control or capital of an enterprise of the other Contracting State, or

(b) the same person participates directly or indirectly in the management, control or capital of an enterprise of a Contracting State and an enterprise of the other Contracting State,

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

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.

3. The provision of paragraph 2 shall not apply in the case of fraud, willful default or neglect.

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 (other than a partnership) 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) 10 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends;

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

The provisions of this paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. The term "dividends" as used in this Article means income from shares, 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.

6. Nothing contained in this Convention shall prevent a Contracting State from taxing at the rate determined by domestic law, the profits or income attributable to a permanent establishment maintained in that State by a company which is a resident of the other State. However, the total amount of tax so charged shall not exceed the corporate income tax applied on profits of a domestic company plus the rate per cent specified in paragraph 2(a) of this Article, or such lower rate per cent, if any, that follows from the application of paragraph 7 of this Article, of such profits or income after deduction of the corporate income tax.

7. If in any Convention for the avoidance of double taxation concluded by Argentina with a third State, being a member of the Organisation for Economic Cooperation and Development, OECD, Argentina would agree to exempt dividends arising in Argentina from the Argentine tax on dividends or to limit the rate of tax or holding provided in sub-paragraph (a) of paragraph 2, such exemption or lower rate or holding shall automatically apply as if it had been specified in sub-paragraph (a) of paragraph 2 of this Article.

Article 11

Interest

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such interest may also be taxed in the Contracting State in which it arises and according to the laws of that State, but if the recipient is the beneficial owner of the interest the tax so charged shall not exceed 12.5 per cent of the gross amount of the interest.

3. Notwithstanding the provisions of paragraph 2,

(a) interest arising in the Argentine shall be exempt from Argentine tax if

(i) the recipient is the State of Sweden or a political subdivision or a local authority thereof, or the payer is the State of the Argentine, a political subdivision

or a local authority thereof;

(ii) the recipient is the Bank of Sweden;

(iii) the recipient is SWEDECORP (Styrelsen för internationellt näringslivsbistånd) or Swedfund International AB or any other similar institution, as may be agreed from time to time between the competent authorities of the Contracting States;

(b) interest arising in Sweden shall be exempt from Swedish tax if

(i) the recipient is the State of the Argentine, a political subdivision or a local authority thereof, or the payer is the State of Sweden or a political subdivision or a local authority thereof;

(ii) the recipient is the "Banco Central de la República Argentina", the "Banco de la Nación Argentina" or the "Banco de la Provincia de Buenos Aires" or any other similar institution, as may be agreed from time to time between the competent authorities of the Contracting States;

(c) interest arising in a Contracting State on a loan guaranteed by any of the bodies mentioned or referred to in sub-paragraph (a) or sub-paragraph (b) and paid to a resident of the other Contracting State shall be exempt from tax in the first-mentioned State;

(d) interest arising in a Contracting State shall be exempt from tax in that State if it is beneficially owned by a resident of the other Contracting State and is paid with respect to indebtedness arising as a consequence of the sale on credit by a resident of that other State of any machinery or industrial, commercial or scientific equipment except where the sale or indebtedness was between associated enterprises.

4. 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.

5. The provisions of paragraphs 1, 2 and 3 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.

6. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the interest, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

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

8. The provisions of this Article shall not be applicable if the loan in respect of which the interest is paid is granted with the main objective to obtain the advantages of this Article.

9. If in any Convention for the avoidance of double taxation concluded by Argentina with a third State, being a member of the Organisation for Economic Cooperation and Development, OECD, Argentine would agree to exempt interest arising in Argentina from the Argentine tax on interest or to lower the rate of tax provided in paragraph 2, such exemption or lower rate shall automatically apply as if it had been specified in paragraph 2 of this Article.

Article 12

Royalties

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the recipient is the

beneficial owner of the royalties the tax so charged shall not exceed:

(a) 3 per cent of the gross amount paid for the use of, or the right to use, news;

(b) 5 per cent of the gross amount paid for the use of, or the right to use, copyright of literary, dramatic, musical or other artistic work (but not including royalties in respect of motion picture films and works on film or videotape or other means of reproduction for use in connection with television);

(c) 10 per cent of the gross amount paid for the use of, or the right to use, any patent, trade mark, design or model, plan, secret formula or process or for the use of, or the right to use, industrial or scientific equipment, or for information concerning industrial, commercial or scientific experience, and includes payments for the rendering of technical assistance; and

(d) 15 per cent of the gross amount of the royalties in all other cases.

3. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, news, any copyright of literary, dramatic, musical, or other artistic work, any patent, trade mark, design or model, plan, secret formula or process or other intangible property, or for the use, or the right to use industrial, commercial or scientific equipment but only in so far as the use of or the right to use such equipment involves a transfer of technology, or for information concerning industrial, commercial or scientific experience and includes payments for the rendering of technical assistance and payments of any kind in respect of motion picture films and works on film, videotape or other means of reproduction for use in connection with television.

4. The provisions of paragraphs 1 and 2 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.

5. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not,

has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.

6. Where by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

7. The provisions of this Article shall not be applicable if the right or the property in respect of which the royalties are paid is agreed upon or assigned with the main objective to obtain the advantages of this Article.

8. If in any Convention for the avoidance of double taxation concluded by Argentina with a third State, being a member of the Organisation for Economic Cooperation and Development, OECD, Argentine would agree to exempt royalties mentioned in sub-paragraph (c) of paragraph 2 arising in Argentina from the Argentine tax on royalties or to lower the rate of tax provided in that sub-paragraph such exemption or lower rate shall automatically apply as if it had been specified in sub-paragraph (c) of paragraph 2 of this Article.

Article 13

Capital gains

1. Gains from the alienation of ships or aircraft operated in international traffic by an enterprise of a Contracting State or movable property pertaining to the operation of such ships or aircraft, shall be taxable only in that State.

2. Gains from the alienation of shares of the capital of a company resident of a Contracting State, may be taxed in that State. However, in the case of an alienation from a holding referred to in Article 10, paragraph 2, sub-paragraph (a), the tax so charged shall not exceed 10 per cent of the taxable gains.

Article 14

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 performed in the other Contracting State may be taxed in that other State but the tax so charged shall not exceed 10 per cent of the gross amount of the income unless he has a fixed base regularly available to him in that other State for the purpose of performing his activities. If he has such a fixed base, the income may be taxed in the other State in accordance with the law of the State, but only so much of it as is attributable to that fixed base.

2. The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

3. If in any Convention for the avoidance of double taxation concluded by Argentina with a third State, being a member of the Organisation for Economic Cooperation and Development, OECD, Argentine would agree to limit the taxation in the country of source of payments for independent personal services performed in absence of a fixed base referred to in paragraph 1 of this Article, to a rate that is lower than provided for in this Convention, the lower rate (including an exemption) shall automatically apply for the purposes of this Convention from the date when the first mentioned Convention comes into effect.

Article 15

Dependent personal services

1. Subject to the provisions of Articles 16, 18 and 19, salaries, wages and other similar remuneration derived by a resident of a 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 in any twelve month period commencing or ending in the fiscal year concerned;

(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 an enterprise of a Contracting State may be taxed in that State.

Article 16

Directors' Fees

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 or a similar organ of a company which is a resident of the other Contracting State may be taxed in that other State.

Article 17

Entertainers 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 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. The provisions of paragraphs 1 and 2 shall not apply to income derived from activities exercised in a Contracting State by an entertainer or a sportsman if the visit to that State is wholly or mainly supported by public funds of the other Contracting State, or a political subdivision, or a local authority thereof. In such case, the income shall be taxable in accordance with the provisions of Articles 7, 14 or 15, as the case may be.

Article 18

Pensions, annuities and similar payments

1. (a) Pensions arising in a Contracting State and paid to a resident of the other Contracting State;

(b) any payments, whether periodic or non-periodic, made under the social security legislation of a Contracting State or under any public scheme organized by a Contracting State for social welfare purposes;

(c) any annuity arising in a Contracting State and paid to a resident of the other Contracting State;

may be taxed in both Contracting States.

2. The term "annuity" as used in this Article 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 (other than services rendered).

Article 19

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 national 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 and 16 shall apply to remuneration 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

Students

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.

Article 21

Other income

1. Items of income of a resident of a Contracting State not dealt with in the foregoing Articles shall be taxable only in that State. However, such items of income, arising in the other Contracting State, may also be taxed in that other State.

2. The provisions provided in the first sentence 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 the Argentina, double taxation shall be avoided as follows:

Where a resident of the Argentina derives income which, in accordance with the provisions of this Convention, may be taxed in Sweden, the Argentina shall allow as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in Sweden,

such deduction shall not, however, exceed that part of the income tax, as computed before the deduction is given, which is attributable to the income which may be taxed in Sweden.

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 the Argentina and in accordance with the provisions of this Convention may be taxed in the Argentina, Sweden shall allow - subject to the

provisions of the laws 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 Argentine 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 the Argentina, Sweden may, when determining the graduated rate of Swedish tax, take into account the income which shall be taxable only in the Argentina.

(c) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, dividends paid by a company which is a resident of the Argentina 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.

(d) For the purposes of sub-paragraph (a) of this paragraph the Argentine assets tax as well as the Argentine personal assets tax mentioned in paragraphs 3 (a) (ii) and 3 (a) (iii) of Article 2 shall be considered as income taxes.

(e) For the purposes of sub-paragraph (a) of this paragraph the term "the Argentine tax" paid shall be deemed to include the Argentine tax which would have been paid but for any time-limited exemption or reduction of tax granted under incentive provisions contained in the laws of the Argentina designed to promote economic development to the extent that such exemption or reduction is granted for profits from industrial or manufacturing activities or from agriculture, forestry, fishing or tourism (including restaurants and hotels) provided that the activities have been carried out in the Argentina. For the purposes of sub-paragraph (c) of this paragraph a tax of 15 per cent calculated on a Swedish tax base shall be considered to have been paid for such activities under those conditions mentioned in the previous sentence.

(f) For purposes of sub-paragraph (a) of this paragraph the Argentine tax paid in respect of royalties received for the use of, or right to use, any patent, trade mark, design or model, plan, secret formula or process or for information concerning industrial, commercial or scientific experience including payments for the rendering of technical assistance shall, where it has been used in such activities mentioned in sub-paragraph (e) under the conditions mentioned therein, in addition to the Argentine tax actually paid be considered to have been paid with 5 per cent more, or if no such tax has been charged be considered to have been paid with 5 per cent, of the gross amount of the royalties.

(g) The provisions of paragraphs (e) and (f) shall apply only for the first ten years during which this Convention is effective. This period may be extended by mutual agreement between the competent authorities.

Article 23

Non-discrimination

1. Nationals of a Contracting 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 nationals of that other State in the same circumstances are or may be subjected. This provisions shall, notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the Contracting States.

2. The taxation on a permanent establishment which an enterprise 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 enterprises of that other State carrying on the same activities. This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

3. Except where the provisions of paragraph 1 of Article 9, paragraph 7 of Article 11, or paragraph 6 of Article 12, apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State. Similarly, any debts of an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable capital of such enterprise, be deductible under the same conditions as if they had been contracted to a resident of the first-mentioned State.

4. Enterprises of a Contracting State, 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 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 State are or may be subjected.

5. The provisions of this Article shall, notwithstanding

the provisions of Article 2, apply to taxes of every kind and description.

Article 24

Mutual agreement procedure

1. Where a person considers that the actions of one or both of the 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. In the event the competent authorities reach an agreement, taxes shall be imposed, and refund or credit of taxes shall be allowed by the Contracting States in accordance with such agreement. 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 difficulties or doubts 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. When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take place through a commission consisting of representatives of the competent authorities of the Contracting States.

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 by Article 1. 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 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. Nothing in paragraph 1 shall be construed so as to impose on a Contracting State the obligation:

(a) to carry out administrative measures at variance with the laws or the 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 be contrary to public policy (ordre public).

3. If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall endeavour to obtain the information to which the request relates in the same way as if its own taxation was involved notwithstanding the fact that the other State does not, at that time, need such information. If specifically requested by the competent authority of a Contracting State, the competent authority of the other Contracting State shall endeavour to provide information under this Article in the form requested, such as depositions of witnesses and copies of unedited original documents (including books, papers, statements, records, accounts or 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

Diplomatic Agents and Consular Officers

1. Nothing in this Convention shall affect the fiscal privileges of diplomatic agents or consular officers

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

2. Notwithstanding Article 4, an individual who is a member of a diplomatic mission, consular post or permanent mission of a Contracting State which is situated in the other Contracting State or in a third State shall be deemed for the purpose of the Convention to be a resident of the sending State if he is liable in the sending State to the same obligations in relation to tax on his total income as are residents of that sending State.

3. The Convention shall not apply to international organizations, to organs or officials thereof and to persons who are members of a diplomatic mission, consular post or permanent mission of a third State or a group of States, being present in a Contracting State and who are not liable in either Contracting State to the same obligations in relation to tax on their total income as are residents thereof.

Article 27

Entry into Force

1. The Governments of the Contracting States shall notify each other that the constitutional requirements for the entry into force of this Convention have been complied with.

2. The Convention shall enter into force thirty days after the date of the later of the notifications referred to in paragraph 1 and its provisions shall have effect in both Contracting States:

(a) in respect of taxes withheld at source, on income derived on or after 1 January in the calendar year next following the year in which the Convention enters into force;

(b) in respect of other taxes on income and in the case of the Argentina on assets for taxes chargeable for any tax year beginning on or after 1 January in the calendar year next following the year in which the Convention enters into force.

3. The Agreement between the Government of the Republic of Argentina and the Government of the Kingdom of Sweden for the avoidance of double taxation on income and on capital signed on 3 September 1962 and the Agreement for the Avoidance of double taxation on income derived from shipping and air transport, concluded by exchange of notes dated 20 November 1948, shall terminate upon the entry in force of this Convention. However, the provisions of the 1962 and 1948 Agreements shall continue in effect until the provisions of this

Convention, in accordance with the provisions of paragraph 2 of this Article, shall have effect.

Article 28

Termination

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 following after a period of six years from the date on which the Convention enters into force. In such event, the Convention shall cease to have effect in both Contracting States:

(a) in respect of taxes withheld at source, on income derived on or after 1 January in the calendar year next following the year in which the notice is given;

(b) in respect of other taxes on income and in the case of the Argentina on assets for taxes chargeable for any tax year beginning on or after 1 January in the calendar year next following the year in which the notice is given.

In witness whereof the undersigned being duly authorised thereto have signed this Convention.

Done in duplicate at STOCKHOLM this 31st day of MAY 1995, in the Spanish, Swedish and English languages, all three texts being equally authentic. In the case of divergence of interpretation the English text shall prevail.

For the Government of the Argentine Republic

For the Government of the Kingdom of Sweden

PROTOCOL

At the signing today of the Convention between the Argentine Republic and the Kingdom of Sweden for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income (hereinafter referred to as "the Convention"), the undersigned have agreed upon the following provisions which shall form an integral part of the Convention:

1. With reference to the entire Convention and Protocol

(a) It is understood, unless the context otherwise requires, that the term "income" also includes capital gains.

(b) If in the future a Contracting State will introduce Offshore-legislation, the competent authorities shall by mutual agreement decide how the Convention shall apply to enterprises enjoying privileges under that legislation.

2. With reference to Article 2

Nothing in the Convention shall affect either Contracting State to levy a tax on capital or asset according to its domestic legislation. However, capital or assets represented by ships or aircraft operated by an enterprise of a Contracting State in international traffic and by movable property pertaining to the operation of such ships and aircraft, shall be taxable only in that State.

3. With reference to Article 3 paragraph 1 (a)

For the purposes of the Convention it is understood that the term "a Contracting State" and "the other Contracting State" encompasses any area over which the State in question exercises fiscal jurisdiction.

4. With reference to Article 7 paragraph 1

It is understood that sub-paragraphs (b) and (c) shall not apply if the enterprise shows that such sales or activities could not reasonably have been undertaken by that permanent establishment.

5. With reference to Article 7 paragraph 3

It is understood that nothing contained therein shall require a Contracting State to allow the total deduction for certain expenses when they are limited in some way in the determination of profits under its domestic tax laws or to allow the deduction of any expenditure which, by reason of its nature, is not generally allowed as a deduction under the taxation laws of that State.

6. With reference to Article 7 paragraph 5

The export of goods or merchandise purchased by an enterprise shall, notwithstanding sub-paragraph (d) of paragraph 6 of Article 5 of the Convention, remain subject to the domestic legislation in force concerning export.

7. With reference to Articles 8 and 13

It is understood that with respect to profits or capital gains derived by the air transport consortium Scandinavian Airlines System (SAS) the provisions of paragraph 1 of Article 8 and paragraph 1 of Article 13, respectively, shall apply only to such part of the profits or gains as corresponds to the participation held in that consortium by AB Aerotransport (ABA), the Swedish partner of Scandinavian Airlines System (SAS).

8. With reference to Article 10 paragraph 2

Before June 30th during the third year of which the Convention applies the competent authorities of the Contracting States shall consult in order to determine if the rates of tax provided for in paragraph 2 of Article 10 shall be lowered or if inter-company dividends shall be exempted from tax in the Contracting State in which the company paying the dividends is a resident.

9. With respect to Article 12 paragraph 2

(a) The limitations on the taxation at source provided for under paragraph 2 are, in the case of the Argentine, subject to the registration requirements provided for in its domestic legislation.

(b) It is understood that the 15 per cent rate provided for in sub-paragraph (d) shall, instead of the 10 per cent rate provided for in sub-paragraph (c), apply for royalties paid in consideration for the use of, or the right to use, industrial or scientific equipment if such payments are being made between related persons.

10. With reference to Article 15 paragraph 3

It is understood that 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.

11. With reference to Article 22 paragraph 2

It is understood that if an extension of the time period mentioned in sub-paragraph (g) of this paragraph will not be agreed upon by the competent authorities, all the

provisions regarding a limitation of the taxation at source shall be re-negotiated.

12. With reference to Article 23

It is understood that the provisions of the Convention shall not be interpreted so as to prevent the application by a Contracting State of the thin capitalization provisions provided for in its domestic law.

In witness whereof the undersigned being duly authorised thereto have signed this Protocol.

Done in duplicate at STOCKHOLM..... this .....31.ST...day of ..MAY.....1995....., in the Spanish, Swedish and English languages, all three texts being equally authentic. In the case of divergence of interpretation the English text shall prevail.

For the Government of the Argentine Republic

For the Government of the Kingdom of Sweden