

Om samtykke til ratifikasjon av en overenskomst mellom Kongeriket Norge og Folkerepublikken Bulgaria til unngåelse av dobbeltbeskatning med hensyn til skatter av inntekt og formue

Vedlegg

**Convention
between the Kingdom of Norway and the People's
Republic of Bulgaria for the avoidance of double
taxation with respect to taxes on income and on
capital**

The Kingdom of Norway and the People's Republic of Bulgaria, led by the desire to expand and deepen to their mutual advantage the economic relations and co-operation between the two States and aiming at the avoidance of double taxation with respect to taxes on income and on capital, have agreed as follows:

Article 1

PERSONAL SCOPE

1. This Convention shall apply to persons who are residents of one or both of the Contracting States.
2. As residents of a Contracting State shall be deemed:
 - a) in the case of the People's Republic of Bulgaria – physical persons, who are nationals of the People's Republic of Bulgaria, as well as juridical persons who have their headquarters in the People's Republic of Bulgaria or are registered therein;
 - b) in the case of the Kingdom of Norway – any person who, under the laws of Norway, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature, but excluding any person who is liable to tax in Norway in respect only of income from sources in Norway or capital situated therein.
3. Where, by reason of the provisions of paragraph 2, a physical person is a resident of both Contracting States, then he shall be deemed to be a resident of the State with which his personal and economic relations are closer (centre of vital interests).
4. Where, by reason of the provisions of paragraph 2, a person other than a physical person is a resident of both Contracting States, then it shall be deemed to be a resident of the Contracting State in which its place of effective management is situated.

Article 2

TAXES COVERED

1. This Convention shall apply to the following taxes:
 - a) in the People's Republic of Bulgaria:
 - (i) tax on total income;
 - (ii) tax on income of unmarried, widowed, families or divorced without children;
 - (iii) tax on profits;
 - (iv) tax on buildings;
 - b) in the Kingdom of Norway:
 - (i) the national tax on income;
 - (ii) the county municipal tax on income;
 - (iii) the municipal tax on income;
 - (iv) the national contributions to the Tax Equalisation Fund;

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- (v) the national tax on capital;
 - (vi) the municipal tax on capital;
 - (vii) the national dues on remuneration to nonresident artists;
 - (viii) the seamen's tax.
2. The Convention shall also apply 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 existing taxes according to the foregoing paragraph. If the competent authorities of both Contracting States are not of the same view with respect to the application of the foregoing sentence, it shall be discussed whether an amendment of the Convention is needed.

Article 3

GENERAL DEFINITIONS

1. The general terms used in this Convention have the following meaning:
- a) «Contracting States» according to the context means the People's Republic of Bulgaria and the Kingdom of Norway;
 - b) «People's Republic of Bulgaria» means the sovereign territory of the State, underground natural resources, its territorial waters and sea zones outside them, within which the People's Republic of Bulgaria exercises sovereign rights in accordance with its legislation and the international law;
 - c) «Kingdom of Norway» means the Kingdom of Norway; the term does not comprise Svalbard, Jan Mayen and the Norwegian dependencies («biland»);
 - d) «International traffic» means any transport by a ship, aircraft or road-transport vehicle made by a resident of a Contracting State, unless the transport is made solely between places in the territory of the other Contracting State;
 - e) «Competent authorities» means:
 - (i) in the case of the People's Republic of Bulgaria, the Minister of Finance or his authorised representative;
 - (ii) in the case of the Kingdom of Norway, the Minister of Finance or his authorised representative;
 - f) «Person» includes a physical or juridical person, as well as any other entity which is treated as a juridical person for tax purposes;
 - g) «Enterprise of a Contracting State» means an enterprise carried on by a resident of that Contracting State.
2. As regards the application of the Convention any term not explicitly defined therein shall, unless the context otherwise requires, have the meaning which it has under the national legislation of that Contracting State in which the taxation takes place.

Article 4

TAXATION OF BUSINESS PROFITS

1. The profits of a resident of a Contracting State may only be taxed in the other Contracting State when he carries on business through a place of business situated therein. In this case only so

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much of the profits may be taxed in the other Contracting State as is attributable to that place of business.

2. Where an enterprise of a Contracting State carries on business in the other Contracting State through a place of business situated therein, to that place of business shall be attributed 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 place of business.
3. In determining the profits of a place of business, there shall be allowed as deduction expenses which are incurred for the purposes of the place of business including executive and general administrative expenses so incurred, whether in the State in which the place of business is situated or elsewhere.
4. No profits shall be attributed to a place of business by reason of the mere purchase of goods or merchandise.
5. The provisions of this Article shall apply irrespective of whether a resident carries on business in the other Contracting State only for himself or together with other persons, also when the other persons are residents of the other Contracting State.
6. The provisions stipulated in the other Articles of this Convention shall not be affected by the provisions of this Article.

Article 5

PLACE OF BUSINESS

1. For the purposes of this Convention, the term «place of business» means a fixed place through which the business of a resident of a Contracting State is carried on whether independently or together with other persons, wholly or partly.
2. The term «place of business» includes especially:
 - a) a branch or a place of management;
 - b) a factory, workshop or a shop;
 - c) an office (commercial, touristic, transport, design, service and others);
 - d) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources;
 - e) building, construction or installation activities with a duration of more than twelve months.
3. The participation of a resident of the Kingdom of Norway in a joint venture, set up in accordance with the Bulgarian legislation shall be deemed as a place of business situated in the People's Republic of Bulgaria.
4. Notwithstanding the preceding provisions of this Article, the term «place of business» shall be deemed not to include:
 - a) a fixed place which is used solely for the purpose of purchasing goods or merchandise;
 - b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display and delivery;
 - c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
 - d) the maintenance of a fixed place solely for the purpose of collecting information for the enterprise;

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- e) a stock of goods or merchandise displayed by the enterprise on a sample fair or exhibition, which are sold after the closing of the sample fair or exhibition;
 - f) the maintenance of a fixed place solely for the purpose of carrying on, for the enterprise, an activity of a preparatory or auxiliary character;
 - g) the maintenance of a fixed place solely for any combination of activities mentioned in subparagraphs a) to f), provided that the overall activity of the fixed place resulting from this combination is of a preparatory or auxiliary character.
5. Notwithstanding the provisions of paragraphs 1 and 2, where a person – other than an agent of an independent status to whom paragraph 6 applies – is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a place of business in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place, would not make this a fixed place of business under the provisions of that paragraph.
6. A resident of a Contracting State shall not be deemed to have a place of business in the other Contracting State merely because he 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.

Article 6

INTERNATIONAL TRANSPORT

1. Profits derived by a resident of a Contracting State from the operation of ships, aircraft or road-transport vehicles in international traffic shall be taxable only in that State.
2. The provisions of the foregoing paragraph shall also apply to profits derived from the participation in a pool, a joint venture or an international operating agency.

Article 7

WAGES, SALARIES AND OTHER SIMILAR REMUNERATION

1. Wages, salaries 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; and
 - b) the remuneration is paid by, or on behalf of, an employer who is a resident of the State of which the recipient is a resident; and

- c) the remuneration is not borne by a place of business which the employer has in the other state
3. Notwithstanding the preceding provisions of this Article, remuneration derived by a resident of a Contracting State in respect of an employment exercised aboard a ship, aircraft or road-transport vehicle in international traffic shall be taxable only in that State.
 4. Notwithstanding the preceding provisions of this Article, remuneration paid by, or out of funds created by, a Contracting State or a political subdivision or a local authority thereof in respect of services rendered to that State or subdivision or local authority thereof in the discharge of administrative functions shall be taxable only in that State.
 5. Notwithstanding the preceding provisions of this Article, remuneration derived by a resident of a Contracting State in respect of an employment in the other Contracting State at agencies or representations for the purpose of international transport or tourism, or at cultural institutions, as well as remuneration paid in respect of press, radio or television activities, shall be taxable only in the first-mentioned State for a period not exceeding four years.

However, the provisions of this paragraph shall only apply to persons who are present in the other Contracting State solely for the purpose of carrying out the aforementioned activities, and in respect of remuneration arising from sources in the first-mentioned State.

Article 8

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 15 per cent of the gross amount of the dividends.
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» means income from shares or other rights which according to the national legislation of the Contracting State are given the same status as income from shares.
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 place of business situated therein, and the holding in respect of which the dividends are paid is effectively connected with such place of business. In such case the provisions of Article 4 shall apply.
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 place of business situated in that other State, nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if

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the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

Article 9

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.
2. The provisions of the foregoing paragraph shall not apply if the recipient 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 place of business situated therein and the debt-claim in respect of which the interest is paid is effectively connected with such place of business. In such case the provisions of Article 4 shall apply.

Article 10

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.
2. 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 place of business situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such place of business. In such case the provisions of Article 4 shall apply.
3. The term «royalties» as used in this Article means payments of any kind received as a consideration for the sale, use or right to use of:
 - a) copyrights of scientific, literary or artistic work;
 - b) inventions (protected or not by patents or certificates for invention) and rationalization proposals;
 - c) industrial samples and models for common use;
 - d) trade marks;
 - e) firm names;
 - f) data processing programmes;
 - g) tapes for production of gramophone records and other articles for sound reproduction;
 - h) records, tapes and films for radio or television broadcasting, as well as cinematograph films;
 - i) industrial experience and know-how.
4. The provisions of this Article shall also apply in respect of income derived from:
 - a) sale, use or right to use single units of industrial, commercial and scientific equipment or other scientific or technical means, as well as income for technical services, if such income is connected with the sale, use or right to use, provided in this Article;
 - b) production of gramophone recording, tape recording or other articles for sound reproduction.

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Article 11

INDEPENDENT PERSONAL SERVICES

1. Income derived by a resident of a Contracting State in respect of professional services or other activities of an independent character shall be taxable only in that State unless he has a place of business in the other Contracting State for the purpose of performing his activities. If he has such a place of business, he shall be taxable according to Article 4 of this Convention.
2. The term «professional services» includes especially independent scientific, literary, artistic, educational or teaching activities, as well as the independent activities of physicians, dentists, lawyers, engineers, architects and accountants.

Article 12

ARTISTES AND ATHLETES

1. Notwithstanding the provisions of Articles 7 and 11, 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 athlete, from his personal activities as such exercised in the other Contracting State, may be taxed in that other State.
2. Where the activities, mentioned in the foregoing paragraph, are performed within the framework of cultural exchange between the Contracting States, income derived from such activities shall be taxable only in the State of which the entertainer, the musician or the athlete is a resident.

Article 13

STUDENTS

Payments received by a student or a business apprentice, who is a resident of a Contracting State and who is present in the other Contracting State solely for the purpose of his education or training, shall not be taxable in that other State, provided that such payments arise from sources outside that State.

Article 14

INCOME FROM IMMOVABLE PROPERTY

1. Income derived by a resident of a Contracting State from immovable property 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.

Article 15

CAPITAL GAINS

1. Gains derived by a resident of a Contracting State from the alienation of immovable property situated in the other Contracting State may be taxed in that other State.
2. Gains from the alienation of movable property forming part of the business property of a place of business which a resident of a Con-

tracting State has in the other Contracting State, including such gains from the alienation of such a place of business, may be taxed in that other State.

3. Gains from the alienation of ships, aircraft or road-transport vehicles, operated in international traffic, as well as gains from the alienation of movable property pertaining to the operation of such ships, aircraft or road-transport vehicles shall be taxable only in the Contracting State which according to Article 6 has the right to tax profits derived from such operations.
4. Gains from the alienation of any property other than that referred to in paragraph 1, 2 and 3 shall be taxable only in the Contracting State of which the alienator is a resident.

Article 16

PENSIONS

Pensions and other similar payments received by a resident of a Contracting State shall be taxable only in that State.

Article 17

OTHER INCOME

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.

Article 18

CAPITAL

1. Capital represented by immovable property owned by a resident of a Contracting State and situated in the other Contracting State may be taxed in that other State.
2. Capital represented by movable property forming part of the business property of a place of business which a resident of a Contracting State has in the other Contracting State may be taxed in that other State.
3. Capital represented by ships, aircraft and road-transport vehicles operated in international traffic and by movable property pertaining to the operation of such ships, aircraft and vehicles shall be taxable only in the Contracting State which according to Article 6 has the right to tax profits derived from such operations.
4. All other elements of capital of a resident of a Contracting State shall be taxable only in that State.

Article 19

METHOD OF EXEMPTION

1. Where a resident of a Contracting State derives income or owns capital and if this income or capital may be taxed in the other Contracting State in accordance with this Convention, then the first-mentioned State shall exempt such income or capital from tax, subject to the provisions of paragraphs 2 and 3 of this Article.
2. Where in accordance with any provision of this Convention income derived or capital owned by a resident of a Contracting State

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is exempt from tax in that State, that State may nevertheless, in calculating the amount of tax on the remaining income or capital of such resident, take into account the exempted income or capital.

3. Where a resident of a Contracting State derives items of income which, in accordance with the provisions of Article 8 of this Convention may be taxed in the other Contracting State, the first-mentioned State shall allow as a deduction from the tax on the income of that person an amount equal to the tax paid in the other State. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable to such items of income derived from that other State.

Article 20

NON-DISCRIMINATION

1. The nationals of a Contracting State and juridical persons in the meaning of Article 1 of the Convention shall not be subjected in the other Contracting State to any taxation or any requirements connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of the other State in the same circumstances are or may be subjected.
2. The taxation on a place of business 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.
3. The provisions of this Article shall not be construed as obliging Norway, to grant to individuals not being nationals of Norway, the exceptional tax relief which is accorded to repatriating Norwegian nationals and individuals born by parents having Norwegian nationality.
4. The provisions of this Article shall, notwithstanding the provisions of Article 2, apply to taxes of every kind and description.

Article 21

MEMBERS OF DIPLOMATIC AND CONSULAR MISSIONS

Nothing in this Convention shall affect the fiscal privileges of members of diplomatic or consular missions under the general rules of international law or under the provisions of special agreements.

Article 22

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 concerning taxes covered by this Convention, insofar this is permissible by the national legislation of the Contracting States. Any information received by a Contracting State shall be treated as secret and shall be used only for the purposes of implementation of this Convention.
2. The provisions of paragraph 1 shall not be construed so as to impose on a Contracting State the obligation:

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- a) to carry out administrative measures at variance with the laws or the administrative practice of that or 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 the other Contracting State;
- c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or procedure, or information, the disclosure of which would be contrary to public policy (ordre public).

Article 23

MUTUAL AGREEMENT PROCEDURE

1. Where a resident of a Contracting State considers that the actions of one or both 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. 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 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 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.

Article 24

ENTRY INTO FORCE

1. This Convention shall be ratified and the instruments of ratification shall be exchanged at Oslo as soon as possible.
2. This Convention shall enter into force on the first day of the third month following the month in which the exchange of instruments of ratification has taken place and its provisions shall have effect to all taxes levied for the calendar years, beginning after the 31st of December of the calendar year in which the exchange of instruments of ratification has taken place.

Article 25

TERMINATION

This Convention shall remain in force until terminated by one of the Contracting States. Either Contracting State may terminate the

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Convention three years after the date of its entering into force, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year. In such event, the Convention shall apply for the last time with respect to taxes which are levied for the calendar year in which the termination takes place.

In witness whereof the undersigned, duly authorized thereto, have signed this Convention. Done in duplicate at Sofia this first day of March 1988 in two originals in the English language.

For the Kingdom of
Norway

Kari Gjesteby
(sign.)

For The People's
Republic of Bulgaria

Luben Gotzev
(sign.)
