

Vedlegg.

**CONVENTION BETWEEN THE REPUBLIC OF
TURKEY AND THE KINGDOM OF NORWAY FOR
THE AVOIDANCE OF DOUBLE TAXATION AND
FOR THE ARRANGEMENT OF SOME OTHER
MATTERS WITH RESPECT TO TAXES
ON INCOME AND CAPITAL**

THE REPUBLIC OF TURKEY
and
THE KINGDOM OF NORWAY

Desiring to conclude a Convention for the avoidance of double taxation and for the arrangement of some other matters with respect to taxes on income and capital

have agreed as follows:

ARTICLE 1

Personal Scope

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

ARTICLE 2

Taxes Covered

1. This Convention shall apply to taxes on income and on capital 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 and on capital all taxes imposed on total income, on total capital, or on elements of income or of capital, including taxes on gains from the alienation of movable or immovable property, as well as taxes on capital appreciation.

3. The existing taxes to which the Convention shall apply are, in particular:

a) In the case of Turkey:

- aa) Income Tax (*Gelir Vergisi*);
- bb) Corporation Tax (*Kurumlar Vergisi*);
(hereinafter referred to as «*Turkish Tax*»)

b) In the case of Norway:

- aa) The national and municipal taxes on income (including contributions to the tax equalization fund) and on capital (*statlige og kommunale skatter av inntekt — herunder innbefattet avgifter til skattefordelingsfondet «fellesskatten» — og av formue*);
- bb) Dues on the salaries of non-resident artistes (*avgifter på honorarer som tilfaller kunstnere bosatt i utlandet*);
- cc) The special tax in aid of developing countries (*særskatt til utviklingshjelp*);
- dd) The seamen's tax (*sjemansskatt*)
(hereinafter referred to as «*Norwegian Tax*»).

Overenskomst mellom Kongeriket Norge og Republikken Tyrkia, til unngåelse av dobbeltbeskatning og forebyggelse av skatteunndragelse med hensyn til skatter av inntekt og formue.

4. The Convention shall also apply to any identical or substantially similar taxes which are subsequently imposed in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify to each any significant changes which have been made in their respective taxation laws covered by this Convention.

ARTICLE 3

General Definitions

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

a) The term «Turkey» means the territory of the Republic of Turkey, including any area within which under the laws of Turkey and in accordance with International Law, the sovereign rights of Turkey with respect to the exploration and exploitation of the natural resources of the continental shelf may be exercised.

The term «Norway» means the Kingdom of Norway, including any area adjacent to the territorial waters of Norway which by Norwegian legislation and in accordance with international law, has been or may hereafter be designated as an area within which the rights of Norway with respect to the sea bed and sub-soil and their natural resources may be exercised; the term does not comprise Spitsbergen (including Bear Island), Jan Mayen and the Norwegian dependencies outside Europe;

b) The term «a Contracting State» and «the other Contracting State» mean the Republic of Turkey or the Kingdom of Norway, as the context requires;

c) The term «tax» means any Turkish tax or Norwegian tax covered by Article 2 of this Convention as the context requires;

d) The term «person» comprises an individual and a company;

e) The term «company» means any body corporate or any entity which is treated as a body corporate for tax purposes;

f) The term «registered office» means in the case of Turkey, the legal head office registered under the Turkish Code of Commerce and in the case of Norway, the seat of management of an enterprise established under Norwegian Law;

g) The term «nationals» means:

aa) In respect of Turkey, all individuals possessing the Turkish nationality and all legal persons, partnerships and associations deriving their status as such from the law in force in Turkey;

bb) In respect of Norway, all individuals possessing the Norwegian nationality, and all legal persons, partnerships and associations deriving their status as such from the law in force in Norway;

h) 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;

i) The term «competent authority» means:

aa) In Turkey, the Minister of Finance or his authorized representative;

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bb) In Norway, the Ministry of Finance and Customs or its duly authorized representative.

2. As regards the application of this Convention by a Contracting State any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws of that Contracting State relating to the taxes which are the subject of this Convention.

ARTICLE 4

Fiscal Domicile

1. For the purposes of this Convention, the term «resident of a Contracting State» means any person who, under the law of that State, is liable to taxation therein, by reason of this domicile, residence, legal head office (registered office), place of management or any other criterion of a similar nature.

2. Where by reason of the provisions of paragraph 1 an individual is a resident of both Contracting States, then this case shall be determined in accordance with the following rules:

- a) He shall be deemed to be a resident of the Contracting State in which he has a permanent home available to him. If he has a permanent home available to him in both Contracting States, he shall be deemed to be a resident of the Contracting State with which his personal and economic relations are closest (centre of vital interests);
- b) If the Contracting 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 Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;
- c) If he has an habitual abode in both Contracting States or in neither of them, he shall be deemed to be a resident of the Contracting State of which he is a national;
- d) If he is a national of both Contracting 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 it shall be deemed to be a resident of the Contracting State in which its registered office is situated.

ARTICLE 5

Permanent Establishment

1. For the purpose of this Convention the term «permanent establishment» means a fixed place of business in which the business of the enterprise is wholly or partly carried on.

2. The term «permanent establishment» shall include especially:

- a) A place of management;
- b) A branch;
- c) An office;
- d) A factory;
- e) A workshop;
- f) A mine, quarry or other place of extraction of natural resources;
- g) A building site or construction or assembly project which exists for more than six months.

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3. The term «permanent establishment» shall not be deemed 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 for collecting information, for the enterprise;
- e) The maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or auxiliary character, for the enterprise.

4. A person acting in a Contracting State on behalf of an enterprise of the other Contracting State — other than an agent of an independent status to whom paragraph 5 applies — shall be deemed to be a permanent establishment in the first-mentioned State if he has, and exercises in that State, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise.

5. 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 where such persons are acting in the ordinary course of their business.

6. Where an enterprise of a Contracting State performs in the territory of the other Contracting State several activities some of which are included in, while others are excluded from, the scope of permanent establishment, all such activities, even though performed from different locations in that State, shall be treated as a single permanent establishment.

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

2. The term «immovable property» shall be defined in accordance with the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, fishing places of every kind, rights to which the provisions of general law respecting landed property apply, 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.

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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 professional 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 that permanent establishment.

2. 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 deductions expenses which are incurred for the purpose of the permanent establishment, whether in the State in which the permanent establishment is situated or elsewhere. However, no such deduction will be allowed in respect of participations for the expenses and losses of the enterprise itself or other permanent establishment situated abroad and likewise, the amounts paid by the permanent establishment, to the head office of the enterprise or any of its other offices, by way of royalties, interest, commissions or other similar payments.

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

5. 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, Air and Road Transport

1. Profits of an enterprise of a Contracting State derived from the other Contracting State from the operation of ships in international traffic may be taxed in that other Contracting State, and in accordance with the law of that State, but the tax chargeable in that other Contracting State on such income shall be reduced by an amount equal to fifty per cent of such tax.

2. Profits from the operation of aircraft in international traffic or from international road transport shall be taxable only in the Contracting State in which the registered office of the enterprise is situated.

3. The provisions of paragraph 2 shall apply to profits derived by the joint Norwegian, Danish and Swedish air transport consortium, Scandinavian Airlines System (SAS), but only in so far profits

Overenskomst mellom Kongeriket Norge og Republikken Tyrkia, til unngåelse av dobbeltbeskatning og forebygging av skatteunndragelse med hensyn til skatter av inntekt og formue.

so derived by Det Norske Luftfartselskap A/S (DNL), the Norwegian partner of the Scandinavian Airlines System (SAS), are in proportion to its share in that organization.

ARTICLE 9

Interdependent Enterprises

Where

- a) an enterprise of a Contracting State participates directly or indirectly in the management, control or financing of an enterprise of the other Contracting State, or
- b) the same persons participate directly or indirectly in the management, control or financing 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.

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 be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the law of that State; but the tax so charged shall not exceed;

- a) (i) in the case of Turkey 25 per cent,
(ii) in the case of Norway 20 per cent,
of the gross amount of the dividends, if the recipient is a company (excluding partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends;
- b) in all other cases,
(i) in the case of Turkey 30 per cent,
(ii) in the case of Norway 25 per cent
of the gross amount of the dividends.

3. The term «dividends» as used in this Article means income from shares, «jouissance» shares or «jouissance» rights, founders' shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights assimilated to income from shares by the taxation law 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 recipient of the dividends, being a resident of a Contracting State, has in the other Contracting State, of which the company paying the dividends is a resident, a permanent establishment with which the holding by virtue of which the dividends are paid is effectively connected. In such a case, the provisions of Article 7 shall apply.

5. Profits of a company of a Contracting State carrying on business in the other Contracting State through a permanent establishment situated therein may, after having been taxed under Article

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7, be taxed on the remaining amount in the State in which the permanent establishment is situated and in accordance with paragraph 2 a).

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 be taxed in the Contracting State in which it arises, and according to the law of that State, but the tax so charged shall not exceed, 15 per cent of the amount of the interest.

3. Notwithstanding the provisions of paragraph interest arising in:

- a) Norway and paid to the Government of Turkey or to the Central Bank of Turkey (*Türkiye Cumhuriyeti Merkez Bankasi*) shall be exempt from Norwegian tax;
- b) Turkey and paid to the Government of Norway or to the Bank of Norway (*Norges Bank*) shall be exempt from Turkish tax.

4. The term «interest» as used in this Article means income from Government securities, bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, and debt-claims of every kind as well as all other income assimilated to income from money lent by the taxation law of the State in which the income arises.

5. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the interest, being a resident of a Contracting State, has in the other Contracting State in which the interest arises a permanent establishment with which the debt-claim from which the interest arises is effectively connected. In such a case, the provisions of Article 7 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 in connection with which the indebtedness on which the interest is paid was incurred and such interest is borne by such permanent establishment, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

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

ARTICLE 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.

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2. However, such royalties may be taxed in the Contracting State in which they arise, and according to the law of that State; but the tax so charged shall not exceed 10 per cent of the gross amount of the royalties.

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

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the royalties, being a resident of a Contracting State, has in the other Contracting State in which the royalties arise a permanent establishment with which the right or property giving rise to the royalties is effectively connected. In such a case, the provisions of Article 7 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 with which the right or property giving rise to the royalties is effectively connected, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

6. Where, owing to a special relationship between the payer and the recipient or between both of them and some other person, the amount of the royalties paid, 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 recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

ARTICLE 13

Capital Gains

1. Gains from the alienation of immovable property, as defined in paragraph 2 of Article 6, may be taxed in the Contracting State in which such property is situated.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of 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 professional services, including such gains from the alienation of such a permanent establishment (alone or together with the whole enterprise) or of such a fixed base, may be taxed in the other State.

3. However, gains from the alienation of movable property of the kind referred to in paragraph 3 of Article 22 shall be taxable only in the Contracting State in which such movable property is taxable according to the said Article.

Overenskomst mellom Kongeriket Norge og Republikken Tyrkia, til unngåelse av dobbeltbeskatning og forebyggelse av skatteunndragelse med hensyn til skatter av inntekt og formue.

4. Gains from the alienation of any property other than those mentioned in paragraphs 1, 2 and 3 shall be taxable only in the State of which the alienator is a resident. However, gains from the alienation of shares in a company, securities, bonds, debentures and the like registered with a stock exchange in the other State or issued by a company resident therein may be taxed in that other State if the alienation takes place to a resident of that other State and if the period between acquisition and alienation does not exceed two years; for the purposes of this sub-paragraph gains from such alienations shall be deemed to be obtained in the Contracting State where the registered office of the company is situated.

5. The provisions of paragraph 4 shall not affect the right of each of the Contracting States to levy according to its own law a tax on gains from the alienation of shares or «jouissance» rights in a company, the capital of which is wholly or partly divided into shares and which is a resident of that State, derived by an individual who is a resident of the other Contracting State and has been a resident of the first-mentioned State in the course of the last five years preceding the alienation of the shares or «jouissance» rights.

ARTICLE 14

Independent Personal Services

1. Income derived by a resident of a Contracting State in respect of professional services or other independent activities of a similar character shall be taxable only in that State unless such activities are exercised in the other Contracting State. If the activities are exercised in the other State, income derived therefrom may be taxed in the other State.

2. Notwithstanding the provisions of paragraph 1, income derived by a resident of a Contracting State in respect of professional services or other independent activities of a similar character 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 the calendar year concerned and
- b) the remuneration is paid by, or on behalf of, a person 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 said person has in the other State.

3. Notwithstanding paragraph 1 of this Article, the remuneration paid by a resident of a Contracting State to a resident of the other Contracting State in respect of professional services exercised outside of the first-mentioned State, may be taxed in that State and at a rate not exceeding 10 per cent of the gross amount of the remuneration.

4. The provisions of paragraphs 1, 2 and 3 of this Article shall apply to payments made for professional services by an enterprise.

5. Notwithstanding the provisions of Article 7 and paragraphs 1, 2, 3 and 4 of the present Article, payments made by a resident of one of the Contracting States to an enterprise of the other Contracting State in respect of activities exercised in the first-mentioned State connected with a building site or construction or assembly project which exists for less than six months may be taxed in that State at a rate not exceeding 10 per cent of the gross amount of such payments.

Overenskomst mellom Kongeriket Norge og Republikken Tyrkia, til unngåelse av dobbeltbeskatning og forebyggelse av skatteunndragelse med hensyn til skatter av inntekt og formue.

ARTICLE 15

Dependent Personal Services

1. Subject to the provisions of Articles 16, 17, 18, 19 and 20, 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 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 the calendar year concerned, 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 provisions of paragraphs 1 and 2, remunerations in respect of an employment exercised aboard a ship or aircraft in international traffic may be taxed in the Contracting State in which the registered office of the enterprise is situated. However, remuneration in respect of an employment exercised aboard an aircraft operated in international traffic by the joint Norwegian, Danish and Swedish air transport consortium, Scandinavian Airlines System (SAS), and derived by a resident of Norway shall be taxable only in Norway.

ARTICLE 16

Director's Fees

Directors' fees and 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

Artistes and Athletes

1. Notwithstanding the provisions of Articles 14 and 15, income derived by public entertainers, such as theatre, motion picture, radio or television artistes, and musicians, and by athletes, from their independent activities as such may be taxed in the Contracting State in which these activities are exercised.

2. However, income as mentioned in paragraph 1, may not be taxed in the Contracting State in which the said activities are exercised if they are performed in that State, but financed by the other Contracting State, one of its political subdivisions or local authorities, or by a recognized non-profit institution or organization of that other State.

ARTICLE 18

Pensions

Subject to the provisions of paragraph 1 of Article 19, pensions and other similar remuneration paid to a resident of a Contracting State in consideration of past employment shall be taxable only in that State.

Overenskomst mellom Kongeriket Norge og Republikken Tyrkia, til unngåelse av dobbelbeskatning og forebyggelse av skatteunndragelse med hensyn til skatter av inntekt og formue.

ARTICLE 19

Governmental Functions

1. Remuneration, including pensions, paid by, or out of funds created by, a Contracting State or political subdivision or a local authority thereof to any individual in respect of services rendered to that State or political subdivision or local authority thereof in the discharge of functions of a governmental nature may be taxed in that State.

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

ARTICLE 20

Teachers and Students

1. Payments which a student or business apprentice who is a national of a Contracting State and who resides temporarily in the other Contracting 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 other State, provided that such payments are made to him from sources outside that other State.

2. Likewise, remuneration received by a teacher or by an instructor who is a national of a Contracting State and who resides temporarily in the other Contracting State for the primary purpose of teaching or engaging in scientific research for a period or periods not exceeding two years shall be exempt from tax in that other State on his remuneration from personal services for teaching or research, provided that such payments are received from sources outside that other State. Such payments may be taxed in the first-mentioned State in so far they are derived from sources within that State.

3. Remuneration which a student or a trainee who is a national of a Contracting State derives from an employment which he exercises in the other Contracting State for a period or periods not exceeding 183 days in a calendar year, in order to obtain practical experience related to his education or formation shall not be taxed in that other State.

ARTICLE 21

Income not Expressly Mentioned

1. Items of income arising from a Contracting State, which are not expressly mentioned in the foregoing Articles of this Convention may be taxed in that State.

2. Items of income arising outside the two Contracting States shall be taxable only in the Contracting State of which the person receiving the income in question is a resident.

ARTICLE 22

Capital

1. Capital represented by immovable property, as defined in paragraph 2 of Article 6, may be taxed in the Contracting State in which such property is situated.

2. Capital represented by movable property forming part of the business property of a permanent establishment of an enter-

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prise, or by movable property pertaining to a fixed base used for the performance of professional services, may be taxed in the Contracting State in which the permanent establishment or fixed base is situated.

3. Ships or aircraft operated in international traffic by an enterprise of a Contracting State and movable property pertaining to the operation of such ships and aircraft shall be taxable only in the Contracting State in which the registered office of the enterprise is situated.

The provision of this paragraph shall apply to aircraft operated in international traffic and movable property pertaining to such aircraft belonging to the joint Norwegian, Danish and Swedish air transport consortium (SAS), but only in so far capital represented by such property is in proportion to the share held in that organization by Det Norske Luftfartselskap A/S (DNL), the Norwegian partner of the Scandinavian Airlines System (SAS).

4. All other elements of capital of a resident of a Contracting State shall be taxable only in that State.

ARTICLE 23

Methods of Elimination

1. Where a resident of a Contracting State derives income or owns capital which, exclusive of income covered by paragraph 2, hereafter, in accordance with the provisions of this Convention, may be taxed in the other Contracting State, the first-mentioned State shall, subject to the provisions of paragraph 2, exempt such income or capital from tax but may, in calculating tax on the remaining income or capital of that person, apply the rate of tax which would have been applicable if the exempted income or capital had not been so exempted.

2. Where a resident of a Contracting State derives income which in accordance with the provisions of Article 8, 10, 11, 12 and paragraph 4 of Article 13 and paragraphs 3 and 5 of Article 14 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 that other Contracting State.

Such deduction shall not, however, exceed that part of the income tax computed before the deduction is given, which is appropriate to the income derived from that other Contracting State.

3. Notwithstanding the provisions of paragraph 2 of this Article, dividends paid by a company which is a resident of Turkey to a company being a resident of Norway which controls directly or indirectly at least 25 per cent of the capital of the company paying the dividends shall be exempt from Norwegian tax.

4. Where a resident of Norway derives from Turkey interest, royalties or income in respect of independent personal services, which may be taxed in Turkey in accordance with paragraph 2 of Article 11, paragraph 2 of Article 12 and paragraphs 3 and 5 of Article 14 and such income are taxed in accordance with the special measures introduced in Turkish Law to promote the economic development of Turkey, at rates of tax which are reduced below 10 per cent, there shall, under the conditions provided for in paragraph 2, be allowed as a deduction from the tax levied in Norway, on such income an amount equal to 10 per cent of the gross amount of such income.

Overenskomst mellom Kongeriket Norge og Republikken Tyrkia, til unngåelse av dobbeltbeskatning og forebygging av skatteunndragelse med hensyn til skatter av inntekt og formue.

ARTICLE 24

Non-discrimination

1. The 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.

2. Subject to the provisions of paragraph 5 of Article 10, 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.

3. 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 Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprise of that first-mentioned State are or may be subjected.

4. The provisions of this Article:

- a) shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reduction for taxation purposes on account of civil status or family responsibilities which it grants to its own residents;
- b) shall not be construed as a discrimination if a Contracting State limits the application of some reliefs, allowances and exemptions conceived for the purpose of encouragement of investments for individuals and companies of the other Contracting State to the level and rate of incentives granted by that other State for the same investments to the same individuals and companies;
- c) shall not be construed as a discrimination if a Contracting State applies a different rate for the tax withholding at source on dividends paid to non-residents compared with the rate applied to its own residents.

5. The provisions of this Article shall not be construed as obliging Norway to grant to nationals of Turkey, who are not born in Norway of parents having Norwegian nationality, the exceptional tax relief which is accorded pursuant to section 22 of the Norwegian Taxation Act for the Rural Districts and section 17 of the Norwegian Taxation Act for the Urban Districts, to nationals of Norway and individuals born in Norway.

ARTICLE 25

Exchange of Information

1. The competent authorities of the Contracting States shall exchange such information as is necessary for the carrying out of this Convention and of the domestic laws of the Contracting States concerning taxes covered by this Convention in so far as the taxation thereunder is in accordance with this Convention.

Any information so exchanged shall be treated as secret and shall not be disclosed to any person or authorities other than those concerned with the assessment or collection of the taxes which are

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the subject of the Convention and with related complaints and resources as well as judiciary authorities for penal prosecutions related to the above mentioned taxes.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on one of the Contracting States 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 particulars which are 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.

ARTICLE 26

Administrative Assistance

1. The Contracting States engage to provide aid and assistance mutually for the purpose of notification and collection in principle, increments, additions, interest, expenses and fines without penal character, of the taxes covered by Article 2.

2. On the request of the competent authority of a Contracting State, the competent authority of the other Contracting State will ensure, according to the provisions of laws and regulations applied to notification and collection of the above mentioned taxes in the latter State, notification and collection of fiscal claims covered by the first paragraph, which are recoverable in the first-mentioned State. These claims shall not enjoy any privilege in the requestee State and the latter is not obliged to apply means of execution which are not authorized by the provisions of laws and regulations of the requesting State.

3. Requests covered by paragraph 2, shall be supported by an official copy of executory documents, accompanied, when needed by an official copy of judgments passed as *res judicata*.

4. With respect to fiscal claims susceptible to appeal, the competent authority of a Contracting State could, for the safeguard of its rights, request the competent authority of the other Contracting State, to take measures of conservation as prescribed in the legislation of the latter State; provisions of paragraphs 1 to 3 could be applied, *mutatis mutandi* to these measures.

5. Article 25, paragraph 1, sub-paragraph 2, shall apply equally to all information brought, for the application of the preceding paragraphs of the present Article, to the knowledge of the competent authority of the requestee State.

6. The nationals of a Contracting State exercising dependent activities in the other Contracting State, may seek the assistance of the envoys sent by an authorized agency of their State of origin to the other Contracting State in solving tax disputes. The authorities and responsibilities of these agencies and envoys are determined in accordance with the provisions which govern the authorities and responsibilities of similar agencies and envoys of the other Contracting State.

ARTICLE 27

Mutual Agreement Procedure

1. Where a resident of a Contracting State considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with this Convention, he may, notwithstanding the remedies provided by the national laws of those States, present his case to the competent authority of the Contracting State of which he is a resident.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at an appropriate solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation not in accordance, with the Convention.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of 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 an 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 28

Diplomatic and Consular Officials

1. Nothing in this Convention shall effect the fiscal privileges of diplomatic or consular officials under the general rules of international law or under the provisions of special agreements.

2. In so far as, due to fiscal privileges granted to diplomatic or consular officials under the general rules of international law or under the provisions of special international treaties, income or capital is not subject to tax in the receiving State, the right to tax shall be reserved to the sending State.

3. For the purposes of this Convention, persons who are members of a diplomatic or consular mission of a Contracting State in the other Contracting State or in a third State and who are nationals of the sending State shall be deemed to be residents of the sending State if they are submitted therein to the same obligations in respect of taxes on income and capital as are residents of that State.

ARTICLE 29

Territorial Extension

1. This Convention may be extended, either in its entirety or with any necessary modifications, to any part of the territory of Norway which has expressly been excepted from the scope of this Convention under the provisions of sub-paragraph (a) of paragraph 1 of Article 3, in which taxes are imposed, identical or substantially similar in character to those to which this Convention applies. Any such extension shall take effect from such date and subject to such modifications and conditions, as may be specified and agreed between the Contracting States in notes to be exchanged through diplomatic channels or in any other manner in accordance with their constitutional procedures.

Overenskomst mellom Kongeriket Norge og Republikken Tyrkia, til unngåelse av dobbeltbeskatning og forebyggelse av skatteunndragelse med hensyn til skatter av inntekt og formue.

2. Unless otherwise agreed by both Contracting States, the termination of this Convention by one of the Contracting States under the provisions of Article 31 shall also terminate the application of this Convention to any territory to which it has been extended under this Article.

ARTICLE 30

Entry into Force

1. This Convention shall be ratified and the instruments of ratification shall be exchanged at Ankara as soon as possible.

2. The Convention shall enter into force upon the exchange of instruments of ratification and its provisions shall have effect for taxes on income and capital assessed with respect to every year, beginning on or after the first day of January of the year following that of entry into force of the Convention.

ARTICLE 31

Termination

This Convention shall remain in force until denounced by one of the Contracting States. Either Contracting State may denounce the Convention, 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 cease to have effect for taxes on income and capital assessed with respect to every year beginning on or after the first day of January of the year following that in which the notice of termination is given.

IN WITNESS WHEREOF, the undersigned plenipotentiaries have signed the present Convention and have affixed their seals thereto.

DONE at ANKARA, on the 16th December, 1971, in duplicate, in the English language, both texts being equally authentic.

FOR THE REPUBLIC OF TURKEY

Rahmi Günrükçüoğlu (s)

FOR THE KINGDOM OF NORWAY

Ivar Melhuus (s)
