Double Taxation Agreement between India and Norway

Signed on September 9, 1987

Norway

CONVENTION BETWEEN THE REPUBLIC OF INDIA AND THE KINGDOM OF NORWAY FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

Notification No. G.S.R. 756(E), dated 9th September, 1987.

NOTIFICATION No. 7514

Whereas the annexed Convention between the Republic of India and the Kingdom of Norway for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income and on capital has entered into force in the year one thousand nine hundred and eighty-six, being the year in which it was signed, on the notification by both the contracting States to each other of the completion of the procedures required under their laws, as required by paragraph 1 of article 31 of the said Convention;

Now, therefore, in exercise of the powers conferred by section 44A of the Wealth-tax Act, 1957 (27 of 1957), section 90 of the Income-tax Act, 1961 (43 of 1961) and section 24A of the Companies (Profits) Surtax Act, 1964 (7 of 1964), the Central Government hereby directs that all the provisions of the said Convention shall be given effect to in the Union of India.

ANNEXURE

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

The Government of the Republic of India and the Government of the Kingdom of Norway desiring to conclude a Convention for the avoidance of double taxation and prevention of fiscal evasion with respect of taxes on income and on capital, 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. The existing taxes to which the Convention shall apply are in particular:
   a. In India:
   i. the income-tax including any surcharge thereon imposed under the Income-tax Act, 1961 (43 of 1961):
   ii. the surtax imposed under the Companies (Profits) Surtax Act, 1964 (7 of 1964);
   iii. the wealth-tax imposed under the Wealth-tax Act, 1957 (27 of 1957);

(hereinafter referred to as " Indian tax ").

   b. In Norway:
   i. the national tax on income (inntektsskatt til staten);
   ii. the county municipal tax on income (inntektsskatt til fylkeskommunen);
   iii. the municipal tax on income (inntektsskatt til kommunen);
   iv. the national contributions to the Tax Equalisation Fund (fellesskatt til skattefordelingsfondet);
   v. the national tax on capital (formuesskatt til staten);
   vi. the municipal tax on capital (formuesskatt til kommunen);

vii. the national tax relating to income and capital form the exploration for and the exploitation of submarine petroleum resources and activities and work relating thereto, including pipeline transport of petroleum produced (skatt til staten vedr * rende inntekt go formue i forbindelsemed under søkelse etter og utnyttes av undersjøske petroleumsforekomaster og dertil knyttet virksomhet og arbeid, hereunder røredningstransport av utvunnet petroleum);

viii. the national dues on remuneration to non-resident artistes (av gift til staten av honorarer som til faller kunstnere bosatt i utlandet);

ix. the seamen's tax (sjømannsskatt);

(hereinafter referred to as " Norwegian tax ").

2. The Convention shall also apply to any identical or substantially similar taxes which are imposed by either Contracting State after the date of signature of the present Convention in addition to, or in place of, the existing taxes referred to in paragraph 1. The competent authorities of the Contracting States shall notify each other of any substantial changes which are made in their respective taxation laws.

Article 3

GENERAL DEFINITIONS

1. In this Convention, unless the context otherwise requires:
   a. the term " India " means the territory of India and includes, territorial sea and the air space above it, as well as any other maritime zone in which India has sovereign rights, other rights and jurisdiction, according to the Indian law and in accordance with international law.
   b. the term " Norway " means the Kingdom of Norway, including any area outside the territorial waters of the Kingdom of Norway where the Kingdom of Norway, according to Norwagian legislation and in accordance with international law, may exercise her rights with respect to the seabed and sub-soil and their natural resources; the term does not comprise Svalbard, Jan Mayen and the Norwegian dependencies outside Europe;
   c. the terms " a Contracting State " and " the other Contracting State " mean India or Norway as the context requires;
   d. the term " tax " means Indian tax or Norwegian tax, as the context requires, but shall not include any amount which is payable in respect of any default or omission in relation to the taxes to which this Convention applies or which represents a penalty imposed relating to those taxes;
   e. the term " person " includes an individual, a company and any other entity which is treated as a taxable unit under the taxation laws in force in the respective Contracting States;
   f. the term " company " means any body corporate or any entity which is treated as a company or body corporate under the taxation laws in force in the respective Contracting States;
   g. 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;
   h. the term " competent authority " means in the case of India, the Central Government in the Ministry of Finance (Department of Revenue) or their authorised representative; and in the case of Norway, the Minister of Finance and Customs or his authorised representative;
   i. the term " nationals " means any individual possessing the nationality of a Contracting State and any legal person, partnership and association deriving its status as such from the laws in force in a Contracting State;
   j. 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.
2. As regards the application of the Convention by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the law of that State concerning the taxes to which the Convention applies.

Article 4

RESIDENT

1. For the purposes of this Convention, the term " resident of a Contracting State " means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of 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 his status shall be determined as follows:
   a. he shall be deemed to be a resident of the State in which he has a permanent home available to him; if he has a permanent home available to him in both States, he shall be deemed to be a resident of the State with which his personal and economic relations are closer (centre of vital interests);
   b. if the State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either State, he shall be deemed to be a resident of the State in which he has an habitual abode;
   c. if he has an habitual abode in both States or in neither of them, he shall be deemed to be a resident of the State of which he is a 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 it shall be deemed to be a resident of the State in which its place of effective management is situated.

Article 5

PERMANENT ESTABLISHMENT

1. For the purposes of this Convention, the term " permanent establishment " means a fixed place of business through which 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;
   f. a mine, an oil or gas well, a quarry or any other place of extraction of natural resources;
   g. a warehouse in relation to a person providing storage facilities for others;
   h. a farm, plantation or other place where agricultural, forestry, plantation or related activities are carried on;
   i. a premises used as a sales outlet or for receiving or soliciting orders;
   j. an installation or structure used for the exploration of natural resources;
   k. a building site, a construction, assembly or installation project or supervisory activities in connection therewith, but only where such site, project or activities continue for a period of more than three months together with other such sites, projects or activities, if any;
   l. the furnishing of services, including consultancy services, by an enterprise through employees or other personnel engaged by the enterprise for such purpose, but only where activities of that nature continue (for the same or a connected project) within the country for a period or periods aggregating to more than six months within any 12 months' period.
3. 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 advertising, for the supply of information, for scientific research, or for other activities which have a preparatory or auxiliary character, for enterprise.

However, the provisions of sub-paragraphs (a) to (e) shall not be applicable where the enterprise maintains any other fixed place of business in the other Contracting State for any purposes other than the purposes specified in the said sub-paragraphs.

4. Notwithstanding the provisions of paragraphs 1 and 2 where a person--- other than an agent of an independent status to whom paragraph 5 applies---is acting in a Contracting State on behalf of an enterprise of the other Contracting State, that enterprise shall be deemed to have a permanent establishment in the first--mentioned State, if:---
   a. he has and habitually exercises in that State an authority to conclude contracts on behalf of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise;
   b. he has no such authority, but habitually maintains in the first-mentioned State a stock of goods or merchandise from which he regularly delivers goods or merchandise on behalf of the enterprise; or
   c. he habitually secures orders in the first-mentioned State, wholly or almost wholly for the enterprise itself or for the enterprise and other enterprises controlling, controlled by, or subject to the same common control as, that 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 provided that such persons are acting in the ordinary course of their business. However, when the activities of such an agent are devoted wholly or almost wholly on behalf of that enterprise itself or on behalf of that enterprise and other enterprise controlling, controlled by, or subject to the same common control as, that enterprise, he shall not be considered as 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 arms-length conditions. In that case, the provisions of paragraph 4 shall apply.
6. 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, 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;
   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 deductions expenses which are incurred for the purposes 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, in accordance with the provisions of and subject to the limitations of the taxation laws of that State. However, no such deduction shall be allowed in respect of amounts, if any, paid (otherwise than towards reimbursement of actual expenses) by the permanent establishment to the head office of the enterprise or any of the other offices, by way of royalties, fees or other similar payments in return for the use of patents, know-how or other rights, or by way of commission or other charges, for specific services performed or for management, or, except in the case of a banking enterprise, by way of interest on moneys lent to the permanent establishment. Likewise, no account shall be taken, in the determination of the profits of a permanent establishment, for amounts charged (otherwise than towards reimbursement of actual expenses), by the permanent establishment to the head office of the enterprise or any of its other offices, by way of royalties, fees or other similar payments in return for the use of patents, know-how or other rights, or by way of commission or other charges for specific services performed or for management, or except in the case of banking enterprise, by way of interest on moneys lent to the head office of the enterprise or any of its other offices.
4. In so far as it has been customary in a Contracting State to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this article.
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 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

AIR TRANSPORT

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

2. The provisions of paragraph 1 shall also apply to profits from the participation in a pool, a joint business or an international operating agency.
3. The provisions of paragraphs 1 and 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 as profits derived by Det Norske Luftfartsselskap A/S (DNL), the Norwegian partner of the Scandinavian Airlines System (SAS), are in proportion to its share in that Organisation.
4. For the purposes of this article, interest on funds connected with the operation of aircraft in international traffic shall be regarded as profits derived from the operation of such aircraft, and the provisions of article 12 shall not apply in relation to such interest.
5. The term " operation of aircraft " shall mean business of transportation by air of passengers, mail, livestock or goods carried on by the owners or lessees or charterers of aircraft, including the sale of tickets for such transportation on behalf of other enterprises, the incidental lease of aircraft and any other activity directly connected with such transportation.

Article 9

SHIPPING

1. Profits derived by an enterprise of a Contracting State from the operation of ships in international traffic shall be taxable only in that State.
2. Notwithstanding the provisions of paragraph 1, profits derived from the operation of ships in international traffic may be taxed in the Contracting State in which such operation is carried on; but the tax so charged shall not exceed 50 per cent. of the tax otherwise imposed by the internal law of that State. For purposes of this paragraph, the amount of such profits subject to tax in India shall not exceed 7.5 per cent. of the sums receivable in respect of the carriage of passengers or freight embarked in India.
3. The provisions of paragraphs 1 and 2 shall also apply to profits derived from the participation in a pool, in a joint business or in an international operating agency.
4. An enterprise shall be deemed to be an enterprise of both Contracting States if:
   a. the enterprise is carried on by a company or any other body of persons where all the partners are jointly and severally liable and at least one of the partners has unlimited liability; and
   b. at least one of the partners is a re sident of one of the Contracting States and one or more of them is a resident of the other Contracting State; and
   c. the effective management of the enterprise is not carried on solely in one of the Contracting States.

In that case, the profits of the enterprise, subject to paragraph 2 of this article, shall be taxable in the State where partners mentioned in sub-paragraph (b) are residents in proportion to their part of the profits. The provisions of this paragraph shall not be construed as to grant any benefits to partners resident of a State other than the Contracting States.

5. For the purposes of this article, income from the operation of ships includes income derived from the use, maintenance or rental of containers (including trailers and related equipment for the transport of containers) in connection with the transport of goods or merchandise in international traffic.

Article 10

ASSOCIATED ENTERPRISES

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 persons participate 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.

Article 11

DIVIDENDS

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.
2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the laws of that State, but if the recipient is the beneficial owner of the dividends, the tax so charged shall not exceed:
   a. 15 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 and the dividends are attributable to a new contribution;
   b. 25 per cent. of the gross amount of the dividends in all other cases.

This paragraph shall not af fect 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 or other rights, no t being debt-claims, participating in proifits, 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 15, 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 in so far as such dividends are paid to a resident of that other State or in so far 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. As used in paragraph 2 of this article, the term " new contribution " means share capital, other than bonus shares, issued after the date of entry into force of this Convention by a company which is a resident of a Contracting State, and beneficially owned by a resident of the other Contracting State.

Article 12

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 and it is paid in respect of a loan or debt first created after the date of entry into force of this Convention, the tax so charged shall not exceed 15 per cent. of the gross amount of the interest.
3. Notwithstanding the provisions of paragraph 2,--

a. interest arising in a Contracting State shall be exempt from tax in that State provided it is derived and beneficially owned by:
   i. the Government, a political sub-division or a local authority of the other Contracting State; or
   ii. the Central Bank of the other Contracting State;
b. interest arising in a Contracting State shall be exempt from tax in that Contracting State to the extent approved by the Government of that State if it is derived and beneficially owned by any person other than a person referred to in sub-paragraph (a) who is a resident of the other Contracting State provided that the transaction giving rise to the debt-claim has been approved in this regard by the Government of the first-mentioned Contracting State to be in the interest of the industrial development of that State.

4. The term " interest " as used in this article means income from debt-claims of every kind, whether or not secured by mortgage, 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 and 2 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 situtated 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 15, 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 sub-division, 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 for whatever reason, 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 a case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

Article 13

ROYALTIES AND FEES FOR TECHNICAL SERVICES

1. Royalties and fees for technical services 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 and fees for technical services may also be taxed in the Contracting State in which they arise and according to the laws of that State. But in so far as fees for technical services are considered, to the extent such fees are paid in respect of a contract which is signed after the date of entry into force of this Convention, the tax so charged shall not exceed 20 per cent. of such fees. For the purposes of this paragraph, if a lower rate of Indian tax is agreed upon with any other State than Norway after the entry into force of this Convention, such rate shall be applied.
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 or films or tapes used for radio or television broadcasting, 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 term " fees for technical services " as used in this article means payments of any amount to any person other than payments to an employee of a person making payments, in consideration for the services of a managerial, technical or consultancy nature, including the provision of services of technical or other personnel.
5. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties or fees for technical services, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties or fees for technical services arise, through a permanent establishment situated therein, or perform in that other State independent personal services from a fixed base situated therein, and the right, property or contract in respect of which the royalties or fees for technical services are paid is effectively connected with such permanent establishment or fixed base. In such a case, the provisions of article 7 or article 15, as the case may be, shall apply.
6. Royalties and fees for technical services shall be deemed to arise in a Contracting State when the payer is that State itself, a political sub-division, a local authority or a resident of that State. Where, however, the person paying the royalties or fees for technical services, 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 or fees for technical services was incurred, and such royalties or fees for technical services are borne by such permanent establishment or fixed base, then such royalties or fees for technical services shall be deemed to arise in the State in which the permanent establishment or fixed base is situated.
7. Where, by reason of special relationship between the payer and the beneficial owner or between both of them and some other persons, the amount of royalties or fees for technical services paid exceeds the amount which would have been paid in the absence of such relationship, the provisions of this article shall apply only to the last-mentioned amount. In such a case, the excess part of the payments shall remain taxable according to the laws of each Contracting State, due regard being had to the other provisions of this Convention.

Article 14

CAPITAL GAINS

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in article 6 and situated in the other Contracting State may be taxed in that other State.
2. 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 independent personal services, including such gains from the alienation of such a permanent establishment (along or with the whole enterprise) or of such fixed base, may be taxed in that other State.
3. Gains from the alienation of ships or aircraft operated in international traffic, or movable property (including containers and related equipment) pertaining to the operation of such ships or aircraft shall be taxable only in the Contracting State of which the alienator is a resident.
4. Gains from the alienation of shares of the capital stock of a company, the property of which consists directly or indirectly principally of immovable property situated in a Contracting State may be taxed in that State.
5. Gains from the alienation of shares other than those mentioned in paragraph 4 in a company which is a resident of a Contracting State may be taxed in that State.
6. Gains from the alienation of any property other than that mentioned in the preceding paragraphs shall be taxable only in the Contracting State of which the alienator is a resident.

Article 15

INDEPENDENT PERSONAL SERVICES

1. Income derived by an individual who is a resident of a Contracting State from the performance of professional services or other activities of a similar character shall be taxable only in that State except in the following circumstances when such income may also be taxed in the other Contracting State:
   a. if he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities; in that case, only so much of the income as is attributable to that fixed base may be taxed in that other State; or
   b. if his stay in the other Contracting State is for a period or periods amounting to or exceeding in the aggregate 183 days in any two consecutive years of income; in that case, only so much of the income as is derived from his activities performed in that other State may be taxed in that other State.

However, to the extent the above-mentioned remuneration is not taxed in the State where the recipient is a resident, the remuneration may be taxed in the other State.

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

Article 16

DEPENDENT PERSONAL SERVICES

1. Subject to the provisions of articles 17, 18, 19, 20, 21 and 22, 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 that other State for a period or periods not exceeding in the aggregate 183 days in any two consecutive years of income 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 reasonably connected with the activities of 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. Where a resident of Norway derives remuneration in respect of an employment exercised aboard in aircraft operated in international traffic by the Scandinavian Airlines System (SAS) consortium, such remuneration shall be taxable only in Norway.

Article 17

DIRECTORS' FEES AND REMUNERATION OF TOP LEVEL MANAGERIAL OFFICIALS.

1. Directors' fees and similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors or of a similar organ of a company which is a resident of the other Contracting State may be taxed in that other State.
2. Salaries, wages and other similar remuneration derived by a resident of a Contracting State in his capacity as an official in a top-level managerial position of a company which is a resident of the other Contracting State may be taxed in that other State.

Article 18

INCOME EARNED BY ENTERTAINERS AND ATHLETES

1. Notwithstanding the provisions of articles 15 and 16, 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 an athlete, 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 an athlete in his capacity as such accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of articles 7, 15 and 16, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.
3. Notwithstanding the provisions of paragraphs 1 and 2, income derived from such activities as defined in paragraph 1 shall be exempt from tax in the Contracting State in which these activities are performed if the visit of the entertainer or athlete is within the framework of cultural exchange between the two Contracting States, or is directly or indirectly supported, wholly or substantially, from the public funds of the other Contracting State, including a political sub-division or local authority of that other State.

Article 19

REMUNERATION AND PENSIONS IN RESPECT OF GOVERNMENT SERVICE

1.
   a. Remuneration, other than a pension paid by a Contracting State or a political sub-division or a local authority thereof to an individual in respect of services rendered to that State or sub-division or authority thereof in the discharge of functions of a governmental nature 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 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.
   a. Any pension paid by, or out of funds created by a Contracting State or a political sub-division or a local authority thereof to an individual in respect of services rendered to that State or sub-division or authority shall be taxable only in that State.
   b. However, such pension shall be taxable only in the other Contracting State if:
      i. the individual is a resident of, and a national of that other State; or
      ii. such pension is exempt from tax in the first-mentioned State.
3. The provisions of articles 16, 17 and 20 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by a Contracting State or a political sub-division or a local authority thereof.

Article 20

NON-GOVERNMENT PENSIONS, ANNUITIES AND ALIMONY

1. Any pension, other than a pension referred to in article 19, or any annuity derived by a resident of a Contracting State from sources within the other Contracting State may be taxed in the first-mentioned Contracting State.
2. The term " pension " means a periodic payment made in consideration of past services or by way of compensation for injuries received in the course of performance of services.
3. The term " annuity " means a stated sum payable periodically at stated times during life or during a specified or ascertainable period of time under an obligation to make the payments in return for adequate and full consideration in money or money's worth.
4. Alimony received by a resident of Norway and paid by a resident of India shall be exempt from tax in Norway to the extent such payments are not deductible for the purposes of Indian tax.

Article 21

PAYMENTS RECEIVED BY STUDENTS AND APPRENTICES

1. Payments which a student or business apprentice who is or was immediately before visiting a Contracting State a resident of the other Contracting State and who is present in the first-mentioned State solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that State, provided that such payments arise from sources outside that State.
2. In respect of grants, scholarships and remuneration from employment not covered by paragraph 1, a student or business apprentice described in paragraph 1 shall, in addition, be entitled during such education or training to the same exemptions, reliefs or reductions in respect of taxes available to residents of the State which he is visiting.

Article 22

OTHER INCOME

1. Subject to the provisions of paragraph 2, items of income of a resident of a Contracting State, wherever arising, which are not expressly dealt with in the foregoing articles of this Convention, shall be taxable only in that Contracting State.
2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of article 6, if the recipient of such income, being a resident of a Contracting State, carries on business in the other Contracting State through a permanent establishment situated therein, or performs in that other State independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such a case, the provisions of article 7 or article 15, as the case may be, shall apply.
3. Notwithstanding the provisions of paragraphs 1 and 2, items of income of a resident of a Contracting State not dealt with in the foregoing articles of this Convention and arising in the other Contracting State may also be taxed in that other State.

Article 23

OFFSHORE ACTIVITIES

1. The provisions of this article have effect notwithstanding any other provision of this Convention.
2. A person who is a resident of a Contracting State and carries on activities offshore in the other Contracting State in connection with the exploration or exploitation of the sea-bed and subsoil and their natural resources situated in that other State shall, subject to paragraphs 3 and 4 of this article, be deemed in relation to those activities to be carrying on business in that other State through a permanent establishment or fixed base situated therein.
3. The provisions of paragraph 2 shall not apply where the activities are carried on for a period not exceeding 30 days in the aggregate in any 12 months' period. However, for the purposes of this paragraph:
   a. activities carried on by an enterprise associated with another enterprise shall be regarded as carried on by the enterprise with which it is associated if the activities in question are substantially the same as those carried on by the last-mentioned enterprise;
   b. two enterprises shall be deemed to be associated if one is controlled directly or indirectly by the other, or both are controlled directly or indirectly by a third person or persons.
4. Profits derived by a resident of a Contracting State from the transportation of supplies or personnel to a location, or between locations, where activities in connection with the exploration or exploitation of the seabed and subsoil and their natural resources are being carried on in a Contracting State, or from the operation of tugboats and other vessels auxiliary to such activities, shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

Notwithstanding the provisions of this paragraph, profits derived from such operation may also be taxed in the Contracting State in which the operation is carried on; but the tax so charged shall not exceed 50 per

cent. of the tax otherwise imposed by the internal law of that State. For purposes of this paragraph, the amount of such profits subject to tax in India shall not exceed 7.5 per cent. of the sums receivable. However, if a lower rate of Indian tax is agreed upon with any other State than Norway after the entry into force of this Convention, such rate shall be applied for the purposes of this paragraph.

5. .
   a. Subject to sub-paragraph (b) of this paragraph, salaries, wages and similar remuneration derived by a resident of a Contracting State in respect of an employment connected with the exploration or exploitation of the seabed and subsoil and their natural resources situated in the other Contracting State shall, to the extent that the duties are performed offshore in that other State, be taxable only in that other State provided that the employment offshore is carried on for a period exceeding 30 days in the aggregate in any 12 months' period.
   b. Salaries, wages and similar remuneration derived by a resident of the Contracting State in respect of an employment exercised aboard a ship or aircraft engaged in the transportation of supplies or personnel to a location, or between locations, where activities connected with the exploration or exploitation of the seabed and subsoil and their natural resources are being carried on in a Contracting State, or in respect of an employment exercised aboard tugboats or other vessels operated auxiliary to such activities, shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

Article 24

CAPITAL

1. Capital represented by immovable property referred to in article 6, 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 permanent establishment which an enterprise of a Contracting State has in the other Contracting State, or by movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personnel services, may be taxed in that other State.
3. Capital represented by ships and aircraft operated in international traffic and by movable property (including containers and related equipment) pertaining to the operation of such ships and aircraft, shall be taxable only in the Contracting State of which the owner of such ships, aircraft or property is a resident.
4. All other elements of capital of a resident of a Contracting State shall be taxable only in that State.

Article 25

ELIMINATION OF DOUBLE TAXATION

1. The laws in force in either of the Contracting States shall continue to govern the taxation of income and capital in the respective Contracting States except where express provision to the contrary is made in this Convention.
2. Where a resident of India derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in Norway, India shall allow as a deduction from the tax on the income of that resident an amount equal to the income-tax paid in Norway, whether directly or by deduction; and as a deduction from the tax on the capital of that resident an amount equal to the capital tax paid in Norway. Such deduction in either case shall not, however, exceed that part of the income-tax or capital tax (as computed before the deduction is given) which is attributable, as the case may be, to the income or the capital which may be taxed in Norway. Further, where such resident is a company by which surtax is payable in India, the deduction in respect of income-tax paid in Norway shall be allowed in the first instance from income-tax payable by the company in India and as to the balance, if any, from surtax payable by it in India.

3. Where a resident of Norway derives income or owns capital which, in accordance with the provisions of the Convention, may be taxed in India, Norway shall, subject to the provisions of paragraphs 4, 5, 6 and 7, exempt such income or capital from tax.
4. Where a resident of Norway derives items of income which, in accordance with the provisions of articles 9, 11, 12, 13, 14, paragraphs 5, 17, 22 and 23 may be taxed in India, Norway shall allow as a deduction from the tax on the income of that person an amount equal to the tax paid in India. 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 India.
5. For the purposes of the deduction referred to in paragraph 4, the term " income-tax paid in India " shall be deemed to include any amount which would have been payable as Indian tax under the law of India and in accordance with this Convention for any year but for an exemption from, or reduction of, tax granted for that year under:--
    a. sections 10(4), 10(4A), 10(4B), 10(6)(viia), 10(15)(iv) and 80L of the Income-tax Act, 1961 (43 of 1961), so far as they were in force on, and have not been modified since, the date of the signature of this Convention, or have been modified only in minor respects so as not to affect their general character; or
    b. any other provisions which may be enacted after 11th November, 1983, granting a deduction in computing the taxable income or an exemption or reduction from tax which the competent authorities of the Contracting States agree to be for the purposes of the economic development of India, if it has not been modified thereafter or has been modified only in minor respects so as not, to affect its general character.

This paragraph does not apply to article 17.

6. For the deduction indicated in paragraph 4, Indian tax on interest shall be considered as having been paid at a rate of not less than 15 per cent.
7. The provisions of paragraphs 5 and 6 of this article shall apply for the first 10 years for which this Convention is effective, but the competent authorities of the Contracting States may consult each other to determine whether this period shall be extended.
8. Where, under this Convention, a resident of a Contracting State is exempt from tax in that Contracting State in respect of income derived or capital owned in the other Contracting State, then the first-mentioned Contracting State 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 income or capital exempted from tax in accordance with this Convention had not been so exempted.