

**Convention between the Kingdom of Norway and
the Socialist Republic of Romania for the avoidance of double
taxation with respect to taxes on income and capital.**

The Government of the Kingdom of Norway and the Government of the Socialist Republic of Romania desiring to promote and strengthen the economic relations between the two countries on the basis of national sovereignty and respect of independence, equality in rights, reciprocal advantage and non-interference in domestic matters,

have agreed as follows:

Article 1

Personal scope

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

Article 2

Taxes covered

1. This Convention shall apply to taxes on income and on capital imposed on behalf of each Contracting State or of its administrative 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:
 - a) In the case of Romania:
 - (i) taxes on the income from wages or salaries, literature, arts or scientific works, as well as income deriving from collaboration to publications, performances and from other such sources;
 - (ii) taxes on income obtained in Romania by non-resident individuals and corporate bodies;
 - (iii) taxes on profits from Joint Companies constituted in Romania with Romanian and foreign participation;
 - (iv) taxes on income deriving from productive activities such as trade, free professions, as well as from enterprises other than state enterprises;
 - (v) taxes on income deriving from building hiring and land leasing;
 - (vi) taxes on income from agricultural activities; (hereinafter referred to as «Romanian tax»).
 - b) In the case of Norway:
 - (i) the national and municipal taxes on income and capital;
 - (ii) the national dues on the profits of non-resident artistes;
 - (iii) the seamen's tax; (hereinafter referred to as «Norwegian tax»).

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

Article 3

General definitions

1. In this Convention, unless the context otherwise requires:
 - a) The terms «a Contracting State» and «the other Contracting State» mean, as the context requires, Romania or Norway;
 - b) The term «Romania» means the territory of the Socialist Republic of Romania and the seabed and subsoil of the submarine areas beyond the territorial sea, over which Romania exercises sovereign rights, in accordance with international law, and with its own law, for the purpose of exploration for and exploitation of the natural resources of such areas;
 - c) The term «Norway» means the Kingdom of Norway, including any area outside the territorial waters of Norway where Norway, according to Norwegian legislation and in accordance with international law, may exercise the rights with respect to the seabed and subsoil and their natural resources; the term does not comprise Svalbard, Jan Mayen and the Norwegian dependencies outside Europe;
 - d) The term «person» comprises and individual, a company and any other body of persons;
 - e) The term «company» means any body corporate, including a joint company which is incorporated under the Romanian law, or any entity which is treated as a body corporate for tax purposes;
 - f) 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;
 - g) The term «international traffic» means any transport by a ship, aircraft, railway or road vehicle operated by an enterprise which has its place of effective management in a Contracting State, except when such transport is made solely between places in the other Contracting State;
 - h) The term «nationals» means all individuals having the citizenship of a Contracting State and all legal persons or other entities created under the law in force in a Contracting State;
 - i) The term «competent authority» means:
 - (i) In the case of Romania the Finance Minister or his delegate, and
 - (ii) in the case of Norway, the Minister of Finance and Customs or his authorized representative.
2. As regards the application of the 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 the Convention.

Article 4

Fiscal Domicile

1. For the purpose 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 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 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 no 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 place of effective management 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, oil well, quarry, or other place of extraction of natural resources;
 - g) a building site or construction or assembly project which exists for more than twelve months.
3. The term «permanent establishment» shall not be deemed to include:
 - a) the use of facilities solely for the purpose of storage, display or delivery 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, display or delivery;

- c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
 - d) the maintenance of a stock of goods or merchandise belonging to the enterprise displayed in the frame of an occasional temporary fair or exhibition and sold after the closing of that fair or exhibition;
 - e) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information for the enterprise;
 - f) the maintenance of a fixed place of business solely for the purpose of advertising, for 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 habitually 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. 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 including income from agriculture and forestry 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, 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 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. In the determination of the income from immovable property which a resident of a Contracting State has in the other Contracting

State expenses (including interest on debt-claims) which are incurred for the purpose of such property shall be allowed as deductions on the same conditions as are provided for residents of that other State.

5. The provisions of paragraphs 1, 3 and 4 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, through a permanent establishment, the profits of the enterprise may be taxed in the other State but only so much of them as are attributable to 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 those deductible expenses which are incurred for the purpose of the permanent establishment including executive and general administrative expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.
4. Insofar 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 embodied 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

Transport Enterprises

1. Profits from the operation of ships, aircraft or railway and road vehicles in international traffic shall be taxable only in the Con-

tracting State in which the place of effective management of the enterprises is situated.

2. If the place of effective management of a shipping enterprise is aboard a ship, then it shall be deemed to be situated in the Contracting State in which the home harbour of the ship is situated, or, if there is no such home harbour, in the Contracting State of which the operator of the ship is a resident.
3. The provisions of paragraph 1 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 so 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 organization.
4. The provisions of paragraph 1 shall also apply to profits derived from the participation by enterprises of the Contracting States in a pool, a joint business or in an international operating agency.

Article 9

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 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 10 per cent of the gross amount of the dividends.

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

3. The term «dividends» as used in this article means income from shares, «jouissance» shares or «jouissance» rights, mining shares, founders' shares, 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. In this context profits distributed by the Romanian joint companies to the capital subscribers are assimilated to dividends.

4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the dividends, being a resident of at 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. 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 to persons who are not residents of that other State, or subject the company's undistributed profits to a tax on undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other State.

Article 11

Interest

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other Contracting 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 10 per cent of the amount of the interest.
3. 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 debtclaims 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.
4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the interest being a resident of at 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.
5. Interest shall be deemed to arise in a Contracting State when the payer is that state itself, an administrative 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 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.
6. Where owing to a special relationship existing between the payer and the recipient or between both of them and some other person, the amount of interest having regard to the debtclaim 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 lastmentioned amount. In that case the excess part of the payment shall remain

taxable, according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

Article 12

Commission

1. Commission arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other Contracting State.
2. However, such commission 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 4 per cent of the amount of the commission.
3. The term «commission» as used in this Article means payment made to brokers, general commission agents or to any other persons assimilated to such a broker or agent by the taxation law of the Contracting State in which such payment arises.
4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the commission, being a resident of a Contracting State, has in the other Contracting State in which the commission arises, a permanent establishment with which the activity giving rise to the commission is effectively connected. In such a case the provisions of Article 7 shall apply.
5. Commission shall be deemed to arise in a Contracting State when the payer is that state itself, an administrative subdivision, a local authority or a resident of that State. Where, however, the person paying the commission, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the activity for which the payment is made was incurred, and such commission is borne by such permanent establishment, then such commission shall be deemed to arise in the Contracting State in which the permanent establishment is situated.
6. Where owing to a special relationship existing between the payer and the recipient or between both of them and some other person, the amount of commission paid, having regard to the activity 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 payment shall remain taxable, according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

Article 13

Royalties

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.
2. However, such royalties may 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 amount of the royalties.
3. The term «royalties» as used in this Article means payments of any kind received as consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work inclu-

ding copyright of motion picture films or films or tapes used for radio or television broadcasting, any patent, trademarks or other like property or rights, 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, an administrative subdivision a local authority or at resident of that State. Where, however, the person paying the royalties, whether he is a resident of at 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 lastmentioned 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 14

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. However, gains from the alienation of ships, aircraft or railway and road vehicles operated in international traffic and movable property pertaining to the operation of such ships, aircraft, or railway and road vehicles shall be taxable only in the Contracting State where, pursuant to the provisions of Article 8, profits from such activities are taxable.
3. Gains from the alienation of any property other than those mentioned in paragraphs 1 and 2, shall be taxable only in the Contracting State of which the alienator is a resident.

4. The provisions of paragraph 3, shall not affect the right of either of the Contracting State to tax, according to its own law, gains from the alienation of shares in a company which is a resident of that Contracting State, where such gains are realized by an individual who is a resident of the other Contracting State, and who has been a resident of the first-mentioned Contracting State at any time during the last five years before the alienation.

Article 15

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 he for the purpose of performing his activities, has a fixed base regularly available to him in the other Contracting State or is present in that other Contracting State for a period or periods aggregating 183 days or more in the fiscal year. If he has such a fixed base, or is present as aforesaid, the income may be taxed in the other Contracting State but only so much of it as is attributable to that fixed base or to his presence.
2. The term «professional services» includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

Article 16

Dependent Personal Services

1. Subject to the provisions of Articles 17, 19, 20, 21 and 22, salaries and 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 exercised in the other Contracting State, the remuneration derived for this activity is taxable in that other State.
2. Notwithstanding the provisions of paragraph 1 remuneration derived by a resident of a Contracting State in respect of an employment exercised in the other Contracting State shall be taxable only in the first-mentioned State if:
 - a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in the fiscal 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 preceding provisions of this Article, remuneration in respect of an employment exercised aboard a ship, aircraft or railway and road vehicle in international traffic may be taxed in the Contracting State, where, pursuant to the provisions of article 8, the employer is taxed.

Article 17

Directors' fees

Directors' fees and similar payments derived by a resident of a Contracting State in this capacity as a member of the board of direc-

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

Article 18

Artistes and Athletes

1. Notwithstanding the provisions of Articles 15 and 16, income derived by public entertainers, such as theatre, motion picture, radio or television artistes, and musicians, and by athletes, from their personal activities as such may be taxed in the Contracting State in which these activities are exercised.
2. Where income in respect of personal activities as such of an artist or athlete accrues not to that artist 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 artist or athlete are exercised.
3. Income derived from such activities performed within the framework of cultural agreements concluded between the Contracting States, shall be taxable only in the State of which the artist or the athlete is a resident.

Article 19

Pensions, annuities, and social security contributions

1. Pensions (other than pensions, the taxation of which is governed by the provisions of paragraph 2 of Article 20) and other similar remuneration paid to a resident of a Contracting State in consideration of past employment, and any annuity paid to such a resident, shall be taxable only in that State.
2. Notwithstanding the provisions of paragraph 1 social security contributions arising in a Contracting State according to the legislation of that State and paid to a resident of the other Contracting State, may be taxed in the first-mentioned State.
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.

Article 20

Government Service

1. a) Remuneration, other than a pension, paid by a Contracting State or an administrative or a local authority thereof to any individual in respect of services rendered to that State or administrative or local authority thereof 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 recipient is a resident of that other Contracting State who:
 - (i) is a national of that State; or
 - (ii) did not become a resident of that State solely for the purpose of performing the services.
2. a) Any pension paid by, or out of funds created by a Contracting State or an administrative or a local authority thereof to any individual in respect of services rendered to that State or

administrative or local authority thereof shall be taxable only in that State.

- b) However, such pension shall be taxable only in the other Contracting State if the recipient is a national of and a resident of that State.
3. The provisions of Articles 16, 17 and 19 shall apply to remuneration and pensions in respect of services rendered in connection with any business carried on by one of the Contracting States or a local authority thereof.

Article 21

Teachers

1. A professor or teacher resident of a Contracting State who is teaching at a university or any other educational institution of the other Contracting State shall be taxable only in that first Contracting State on all remuneration received in respect of that activity for a period not exceeding two years from the beginning of his activity.
2. The provisions of paragraph 1 shall also apply to remuneration received by an individual resident of a Contracting State for conducting research in the other Contracting State, if such research is not undertaken primarily for the private benefit of a specific enterprise or person.

Article 22

Students, Trainees and Persons sent for Specialization

1. An individual who was a resident of a Contracting State immediately before visiting the other Contracting State and is temporarily present in that other State solely as a student at a university, college, school or other similar educational institution in that other State, as a trainee or as a person sent in order to acquire special technical, professional or business experience shall, from the date of his first arrival in that other State in connection with that visit, be exempt from tax in that other State:
 - a) on all remittances from abroad for purposes of his maintenance, education or training;
and
 - b) for a period not exceeding in the aggregate five years, on any remuneration not exceeding 15 000 Norwegian kroner or the equivalent in Romanian lei, for each calendar year for personal services rendered in that other Contracting State with a view to supplementing the resources available to him for such purposes.

Article 23

Other Income

1. Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Convention shall be taxable only in that State.
2. The provisions of paragraph 1 shall not apply if the recipient of the 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

professional 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.

Article 24

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 enterprise, 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, aircraft or railway and road vehicles operated in international traffic, and movable property pertaining to the operation of such means of transport, shall be taxable only in the Contracting State where, pursuant to the provisions of Article 8, profits from such activities are taxable.
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

Double taxation shall be avoided as follows:

1. In the case of Romania, taxes paid in Norway by Romanian residents on income derived or capital owned which in accordance with the provisions of this Convention may be taxed in Norway shall be deducted from the taxes owed to the Romanian State.

Profits paid by the Romanian State enterprises to the State budget shall, in this Article, be deemed as a tax of Romania.

2. In the case of Norway:
 - a) Where a resident of Norway derives income from Romania which may be taxed in Romania in accordance with the provisions of this Convention, Norway shall, subject to the provisions of sub-paragraph b, exempt such income from tax but may, in calculating tax on the remaining income of that person, apply the rate of tax which would have been applicable if the exempted income had not been so exempted.
 - b) Where a resident of Norway derives income from Romania which may be taxed in Romania in accordance with the provisions of Articles 10, 11, 12 or 13, the amount of the Romanian tax payable in respect of that income shall be allowed as a credit against Norwegian tax imposed on that resident. The amount of credit, however, shall not exceed that part of the Norwegian tax which is appropriate to that income, before allowing the credit.

Article 26

Non-Discrimination

1. The nationals of a Contracting State, whether or not residents of the Contracting State, shall not be subjected in the other Con-

tracting 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. 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 enterprises of that first-mentioned State are or may be subjected.
4. The provisions of this Article shall not be construed as obliging Norway to grant to individuals not being nationals of Norway, the exceptional tax relief which is accorded to Norwegian nationals and individuals born in Norway of parents having Norwegian nationality 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.
5. In this Article the term «taxation» means taxes of every kind and description.

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 law 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. They may also consult together for the elimination of double taxation in cases not provided for in the Convention.
4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in view of the application of the provisions of this Convention. When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take place through a Commission consisting of representatives of the competent authorities of the Contracting States.

5. The competent authorities of the Contracting States shall consult together, if the modifications brought to their fiscal law demand the amendment of the Convention.

Article 28

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 insofar 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 persons or authorities including courts, other than those concerned with the assessment or collection of the taxes which are the subject of the Convention, or with the prosecution of offences in relation thereto.
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 and 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 29

Diplomatic and Consular Officials

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

Article 30

The Extension of Territorial Applicability of the Convention

1. This Convention may be extended, either in its entirety or with modifications, to any territory which is excluded from the application, to any territory which is excluded from the application of this Convention under the provisions of paragraph 1 c) of Article 3, and in which taxes are imposed which are 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, including conditions as to termination, as may be specified and agreed between the Contracting States in notes to be exchanged through diplomatic channels.

2. Unless otherwise agreed by both Contracting States, in the case that this Convention shall terminate according to Article 32 it shall cease to have effect to any territory to which it has been extended under provisions of this Article.

Article 31

Entry into Force

This Convention shall be approved in accordance with the constitutional provisions in force in each of the two states and shall enter into force on the 30th day upon the exchange of notes indicating that both Parties have complied with these provisions, it being understood that it shall apply for the first time:

- a) in respect of taxes on income derived on or after the 1st January next following such exchange, and
- b) in respect of taxes on capital levied during any year commencing with the calendar year following such exchange.

Article 32

Termination

This Convention shall remain in force until denounced by one of the Contracting States.

Either Contracting State may — after 30th of June in a calendar year, but not until three years after the end of the year in which the Convention entered into force — through diplomatic channels and in writing denounce the Convention to the other Contracting State. In such event, the Convention shall cease to have effect:

- a) in respect of income arising for the taxation year next following that in which notice of termination is given, and subsequent years.
- b) in respect of capital assessed for the calendar year next following that in which notice of termination is given, and subsequent years.

IN WITNESS WHEREOF the undersigned, being duly authorized thereto by their respective Governments, have signed this Convention.

DONE at Oslo, this 14th day of November 1980, in two original copies, each in the Romanian, Norwegian and English languages, the three texts having the same value. In the case there is any divergence of interpretation of the provisions of this Convention the English text shall prevail.

For the Government
of Romania:
Gheorghe Oprea

For the Government
of Norway:
Reiulf Steen

PROTOCOL

At the signing of the Convention between the Kingdom of Norway and the Socialist Republic of Romania for the Avoidance of Double Taxation the undersigned have agreed that the following shall form an integral part of the Convention:

1. The Contracting States agree that sub-paragraphs a) and b) of paragraph 2 of Article 25 shall be replaced by the following text at the request of Norway which shall be forwarded through diplomatic channels. The new text set out below shall thereupon become effective in a manner similar to that set out in Article 31 of the Convention.
2. Where a resident of Norway derives income or owns capital which in accordance with the provisions of this Convention may be taxed in Romania, Norway shall allow as a deduction from the income equal to the tax paid in Romania. Such deduction shall not,

however, exceed that part of the Norwegian tax, as computed before the deduction is given, which is appropriate to the income derived from or capital owned in Romania.

3. For the purpose of the application in Norway of Article 25 paragraph 2 a) where exemption from or reduction of Romanian tax payable in accordance with Article 7 on the profits of a permanent establishment which a resident of Norway has in Romania has been granted, the credit against Norwegian tax shall be allowed in an amount equal to the tax which would have been levied in Romania if no such exemption or reduction had been granted.

DONE at Oslo, this 14th day of November 1980, in two original copies, each in the Romanian, Norwegian and English languages, the three texts having the same value. In the case there is any divergence of interpretation of the provisions of this Convention the English text shall prevail.

For the Government
of Romania:
Gheorghe Oprea

For the Government
of Norway:
Reiulf Steen
