

Sweden - Zambia

Income

Convention Signatories: Sweden, Zambia

Citations: 93 TNI 44-13; Doc 93-30307

Signed: March 18, 1974

Effective: In Sweden, from January 1, 1976. In Zambia, from April 1, 1976. See Article XXVII.

Status: In Force

Tax Analysts classification: Income

Convention between the Government of the Kingdom of Sweden and the Government of the Republic of Zambia for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income. Signed at Lusaka on March 18, 1974.

The Government of the Kingdom of Sweden and the Government of the Republic of Zambia,

Desiring to conclude a new Convention for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income,

Have agreed as follows:

Article I

Personal Scope

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

Article II

Taxes Covered

1. The taxes which are the subject of this Convention are:

(a) in Zambia--

- (i) the income tax;
- (ii) the mineral tax;
- (iii) the personal levy;
- (hereinafter referred to as "Zambian tax");

(b) in Sweden--

- (i) the State income tax, including sailors' tax and coupon tax;
- (ii) the tax on the undistributed profits of companies and the tax on distribution in connection with the reduction of share capital or the winding-up of a company;
- (iii) the tax on public entertainers; and
- (iv) the communal income tax;
- (hereinafter referred to as "Swedish tax").

2. This Convention shall also apply to any identical or substantially similar taxes which are imposed in addition to, or in place of, the above-mentioned taxes subsequent to the date of signature of this Convention.

3. At the end of each year the competent authorities of the Contracting States shall notify to each other any changes which have been made in their respective taxation laws.

Article III General Definitions

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

(a) the term "Zambia" means the Republic of Zambia:

(b) the term "Sweden" means the Kingdom of Sweden including any area outside the territorial sea of Sweden within which under the laws of Sweden and in accordance with international law the rights of Sweden with respect to the sea bed and subsoil and their natural resources may be exercised;

(c) the terms "a Contracting State" and "the other Contracting State" mean Zambia or Sweden as the context requires;

(d) the term "tax" means Zambian tax or Swedish tax as the context requires;

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

(f) the term "person" includes an individual and any body of persons corporate or not corporate;

(g) the terms "resident of a Contracting State" and "resident of the other Contracting State" mean a person who is a resident of Zambia or a person who is a resident of Sweden as the context requires;

(h) the terms "enterprise of a Contracting State" and "enterprise of the other Contracting State" mean respectively an industrial, mining, commercial, plantation, agricultural or pastoral enterprise or undertaking or any like enterprise or undertaking carried on by a resident of a Contracting State and an industrial, mining, commercial, plantation, agricultural or pastoral enterprise or undertaking or any like enterprise or undertaking carried on by a resident of the other Contracting State;

(i) the term "international traffic" includes traffic between places in one country in the course of a journey which extends over more than one country;

(j) the term "competent authority" means--

(i) in the case of Zambia, the Commissioner of Taxes or his authorised representative;

(ii) in the case of Sweden, the Minister of Finance or his authorised representative.

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

Article IV Fiscal Domicile

1. The term "resident of Zambia" means any person who is a resident in Zambia for the purposes of Zambian tax and the term "resident of Sweden" means any person who is resident in Sweden for the purposes of Swedish tax.

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

(a) he shall be deemed to be a resident of the Contracting State in which he has a permanent home available to him; if he has a permanent home available to him in both Contracting States, he shall be deemed to be a resident of the Contracting State with which his personal and economic relations are closest (centre of vital interests);

(b) if the Contracting State in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either Contracting State, he shall be deemed to be a resident of the Contracting State in which he has an habitual abode;

(c) if he has an habitual abode in both Contracting States or in neither of them, he shall be deemed to be a resident of the Contracting State of which he is a national;

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

3. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both Contracting States, then it shall be deemed to be a resident of the Contracting State in which its place of effective management is situated.

Article V

Permanent Establishment

1. For the purposes 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 six 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 fixed place of business solely for the purpose of purchasing goods or merchandise or for collecting information, for the enterprise;

(e) the maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research or for similar activities which have a preparatory or

auxiliary character, for the enterprise.

4. An enterprise of a Contracting State shall be deemed to have a permanent establishment in the other Contracting State if it carries on supervisory activities in that other Contracting State for more than six months in connection with a construction, installation or assembly project which is being undertaken in that other Contracting State.

5. 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 6 applies--shall be deemed to be a permanent establishment in the first-mentioned Contracting State, if he has, and habitually exercises in that Contracting 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.

6. 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 Contracting State through a broker, general commission agent, or any other agent of an independent status, where such person is acting in the ordinary course of his business.

7. The fact that a company which is a resident of a Contracting State controls or is controlled by a company which is a resident of the other Contracting State, or which carries on business in that other Contracting State (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

Article VI

Income from Immovable Property

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

2. The term "immovable property" shall be defined in accordance with the law of the Contracting State in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, 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 professional services.

Article VII

Business Profits

1. The profits of an enterprise of a Contracting State shall be taxable only in that Contracting 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 Contracting State but only so much of them as is attributable to the permanent establishment.

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

3. In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment including executive and general administrative expenses so incurred, whether in the Contracting State in which the permanent establishment is situated or elsewhere. If the information available to the taxation authorities concerned is inadequate to determine the profits to be attributed to the permanent establishment, nothing in this paragraph shall affect the application of the law of either Contracting State in relation to the liability of the permanent establishment to pay tax on an amount determined by the making of an estimate by the taxation authorities of that Contracting State; provided that each estimate shall be made so far as the information available to the taxation authorities permits, in accordance with the principles laid down in this Article.

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 laid down 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 VIII Shipping and Air Transport

1. Notwithstanding the provisions of Articles V and VII, profits of an enterprise from the operation of ships or aircraft in international traffic shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

2. With respect to profits derived by the Swedish, Danish and Norwegian air transport consortium, known as Scandinavian Airlines System (SAS), the provisions of this Article shall apply, but only to such part of the profits as corresponds to the shareholding in that consortium held by AB Aerotransport (ABA), the Swedish partner of Scandinavian Airlines System (SAS).

Article IX 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 X

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 Contracting State.
2. However, such dividends may be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the law of that State, but the tax so charged shall not exceed--
 - (a) 5 per cent of the gross amount of the dividends if the recipient is a company (excluding partnership) which holds directly at least 25 per cent of the capital of the company paying the dividends;
 - (b) in all other cases, 15 per cent of the gross amount of the dividends.

The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation. This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. The term "dividends" means income from shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights assimilated to income from shares by the taxation law of the Contracting State of which the company making the distribution is a resident.
4. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the dividends, being a resident of a Contracting State, has in the other Contracting State of which the company paying the dividends is a resident, a permanent establishment with which the holding by virtue of which the dividends are paid is effectively connected. In such a case, the provisions of Article VII 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 Contracting 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 Contracting State.

Article XI 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 Contracting State, but the tax so charged shall not exceed 10 per cent of the gross amount of the interest. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.
3. Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State and paid to the Government of the other Contracting State or local authority thereof or any agency or instrumentality (including a financial institution) wholly owned by the Government or local authority shall be exempt from tax in the first-mentioned Contracting State.
4. For the purposes of paragraph 3 the term "Government" shall include, in the case of Sweden, the Central Bank of Sweden and the National Debt Office, and in the case of Zambia, the Bank of Zambia.
5. The term "interest" means income from Government securities, from bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, and from debt-claims of every kind, and any excess of the amount repaid in respect of such debt-claims over the amount lent, as well as all other income assimilated to income from money lent by the taxation law of the Contracting State in which the income arises.
6. The provisions of paragraphs 1 and 2 shall not apply if the recipient of the interest, being a resident of

a Contracting State, has in the other Contracting State in which the interest arises a permanent establishment with which the debt-claim from which the interest arises is effectively connected. In such a case, the provisions of Article VII shall apply.

7. Interest shall be deemed to arise in a Contracting State when the payer is that Contracting State itself, a local authority or a resident of that 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.

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

Article XII **Royalties**

1. Royalties 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 royalties may be taxed in the Contracting State in which they arise, and in accordance with the law of that Contracting State, but the tax so charged shall not exceed 10 per cent of the gross amount of the royalties. The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

3. The term "royalties" 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, video tapes for use in connection with television or tapes for use in connection with radio), any patent, trade mark, design or model, plan, secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial, commercial or scientific experience.

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

5. Royalties shall be deemed to arise in a Contracting State when the payer is that Contracting State itself, a local authority or a resident of that Contracting State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment is situated.

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

Article XIII **Capital Gains**

1. Gains from the sale, transfer or exchange of immovable property, as defined in paragraph 2 of Article VI, may be taxed in the Contracting State in which such property is situated.
2. Gains from the sale, transfer or exchange 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 sale, transfer or exchange of such a permanent establishment (alone or together with the whole enterprise) or of such fixed base, may be taxed in that other Contracting State.
3. Notwithstanding the provisions of paragraph 2, gains derived by an enterprise of a Contracting State from the sale, transfer or exchange of ships or aircraft operated in international traffic and movable property pertaining to the operation of such ships and aircraft shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated. With respect to gains derived by the Swedish, Danish and Norwegian air transport consortium, known as Scandinavian Airlines System (SAS), the provisions of this paragraph shall apply, but only to such proportion of the gains as corresponds to the share-holding in that consortium held by AB Aerotransport (ABA), the Swedish partner of Scandinavian Airlines System (SAS).
4. Gains from the sale, transfer or exchange of any property other than those mentioned in paragraphs 1, 2 and 3 shall be taxable only in the Contracting State of which the alienator is a resident.

Article XIV 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 Contracting State unless he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities. If he has such a fixed base, the income may be taxed in the other Contracting State but only so much of it as is attributable to that fixed base.
2. The term "professional services" includes especially, independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

Article XV Employments

1. Subject to the provisions of Articles XVI, XVIII, XIX and XX, 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 Contracting 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 Contracting 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 Contracting State if--
 - (a) the recipient is present in the other Contracting State for a period or periods not exceeding in the aggregate 183 days in the fiscal year of that other Contracting State; and
 - (b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other Contracting State; and
 - (c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other Contracting State.
3. Notwithstanding the provisions of paragraphs 1 and 2, remuneration in respect of employment

exercised aboard a ship or aircraft in international traffic may be taxed in the Contracting State in which the place of effective management of the enterprise is situated. Where a resident of Sweden derives remuneration in respect of employment exercised aboard an aircraft operated in international traffic by the Swedish, Danish and Norwegian air transport consortium, known as Scandinavian Airlines System (SAS), such remuneration shall be taxable only in Sweden.

Article XVI

Directors' Fees

Directors' fees and similar payments derived by a resident of a Contracting State in his capacity as a member of the board of directors of a company which is a resident of the other Contracting State may be taxed in that other Contracting State.

Article XVII

Artistes and Athletes

1. Notwithstanding anything contained in this Convention, 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 the services mentioned in paragraph 1 of this Article are provided in a Contracting State by an enterprise of the other Contracting State, then the profits derived from providing those services by such an enterprise may, notwithstanding anything contained in this Convention, be taxed in the first-mentioned Contracting State.

Article XVIII

Pensions

Subject to the provisions of paragraphs 1, 3 and 4 of Article XIX, any pension or similar remuneration derived from sources within a Contracting State in consideration of past employment by an individual who is a resident of the other Contracting State and subject to tax in respect thereof in that other Contracting State shall be exempt from tax in the first-mentioned Contracting State.

Article XIX

Governmental functions

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

2. The provisions of Articles XV, XVI and XVIII shall apply to remuneration or pensions in respect of services rendered in connection with any trade or business carried on by a Contracting State or a local authority thereof.

3. In the case of Sweden, pensions paid out under the Swedish Social Security Scheme may be taxed in Sweden.

4. In the case of Zambia, pensions paid out of the Zambia National Provident Fund may be taxed in Zambia.

Article XX

Research Personnel and Students

1. The remuneration which an individual who is or was formerly a resident of a Contracting State receives for undertaking study or research at a high level during a period of temporary residence not exceeding one year at a university, research institute, school, college or other similar establishment in the other

Contracting State shall not be taxable in that other Contracting State.

2. Payments which a student or business apprentice who is or was formerly a resident of a Contracting State and who is present in the other Contracting State mainly for the purpose of his education or training receives for the purposes of his maintenance, education or training shall not be taxed in that other Contracting State, provided that such payments are made to him from sources outside that other Contracting State.

3. Remuneration which a student or business apprentice who is or was formerly a resident of a Contracting State and who is present in the other Contracting State mainly for the purpose of his education or training derives from an employment which he exercises in the other Contracting State shall not be taxed in that other Contracting State provided that such remuneration does not exceed 9,500 Swedish crowns or its equivalent in Zambian currency in any tax year and such benefits shall extend only for such period of time as may be reasonably or customarily required to complete the education or training undertaken but shall in no event exceed a period of three consecutive years.

Article XXI **Income not expressly mentioned**

Items of income of a resident of a Contracting State which are not expressly mentioned in the foregoing Articles of this Convention shall be taxable only in that Contracting State.

Article XXII **Elimination of Double Taxation**

1. (a) Where a resident of Zambia derives income from Sweden which may be taxed in Sweden in accordance with the provisions of this Convention, the amount of Swedish tax payable in respect of that income shall be allowed as a credit against Zambian tax imposed on that resident. The amount of credit, however, shall not exceed that part of the Zambian tax which is appropriate to that income, before allowing the credit.

(b) Where the income derived from Sweden is a dividend paid by a company which is a resident of Sweden, the credit shall take into account the Swedish tax payable in respect of its profits by the company paying the dividend.

2. Where a resident of Sweden derives income which under the laws of Zambia and in accordance with this Convention may be taxed in Zambia, Sweden shall allow the Zambian tax paid in respect of such income as a credit against any Swedish tax payable in respect of that income. The amount of credit shall not, however, exceed that part of the Swedish tax, as computed before the credit is given, which is appropriate to the income which may be taxed in Zambia.

3. For the purposes of paragraph 2 Zambian tax paid shall be deemed to include any amount which would have been payable as Zambian tax, but for an exemption or reduction for tax granted under the Pioneer Industries (Relief from Income Tax) Act. The competent authorities of the Contracting States shall consult each other in order to determine whether this paragraph shall be altered so as take into account new or amended legislation on investment incentives.

4. Dividends paid by a company being a resident of Zambia to a company which is a resident of Sweden shall be exempt from tax in Sweden to the extent that the dividends would have been exempt under Swedish law if both companies had been Swedish companies. This exemption shall not apply unless the profits out of which the dividends are paid have been subjected in Zambia to the normal income tax which applies at the date of signature of this Convention or an income tax comparable thereto, or the principal part of the profits of the company paying the dividends arises, directly or indirectly, from business activities other than the management of securities and other similar property and such activities are carried on within Zambia by the company paying the dividends or by a company in which it owns at least 25 per cent of the voting power.

Article XXIII

Non-discrimination

1. The nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other Contracting State in the same circumstances are or may be subjected.
2. The term “nationals” means --
 - (a) in relation to Zambia all citizens of Zambia and all legal persons, partnerships and associations deriving their status as such from the law in force in Zambia;
 - (b) in relation to Sweden all citizens of Sweden and all legal persons, partnerships and associations deriving their status as such from the law in force in Sweden.
3. 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 Contracting State than the taxation levied on enterprises of that other Contracting State carrying on the same activities.
4. Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned 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 Contracting State are or may be subjected.
5. The provisions of this Article shall not be construed as obliging a Contracting State to grant residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities, which it grants to its own residents.
6. In this Article the term “taxation” means taxes of every kind and description.

Article XXIV

Mutual Agreement Procedure

1. Where a resident of a Contracting State considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with this Convention, he may, notwithstanding the remedies provided by the national laws of those Contracting 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 be justified and if it is not 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 this 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 this Convention. They may also consult together for the elimination of double taxation in cases not provided for in this Convention.
4. The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs. When it seems advisable in order to reach agreement to have an oral exchange of opinions, such exchange may take place through a Commission consisting of representatives of the competent authorities of the Contracting States.

Article XXV

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 not be disclosed to any persons or authorities other than persons, including a court or other adjudicating authority, concerned with the assessment or collection of those taxes or the determination of appeals in relation thereto.

2. In no case shall the provisions of paragraph 1 be construed so as to impose on a Contracting State the obligation--

(a) to carry out administrative measures at variance with the laws or the administrative practice of that or of the other Contracting State;

(b) to supply 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 XXVI Diplomatic and Consular Officials

1. 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.

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

3. An individual who is a member of a diplomatic or consular mission (except honorary consuls) or permanent delegation of a Contracting State which is situated in the other Contracting State or a third State, shall for the purposes of this Convention be deemed to be a resident of the sending State if--

(a) he is not a national of the receiving State; and

(b) in accordance with international law he cannot be taxed in the receiving State on any income from sources outside that State.

Article XXVII Entry into Force

1. This Convention shall be ratified in accordance with the legal requirements of each Contracting State and the instruments of ratification shall be exchanged at Lusaka as soon as possible.

2. This Convention shall enter into force upon the exchange of instruments of ratification and its provisions shall have effect--

(a) In Zambia

as respects income for any charge year beginning on or after 1st April of the calendar year following the year in which the exchange of instruments of ratification takes place;

(b) in Sweden

as respects income derived on or after 1st January of the calendar year following the year in which the exchange of instruments of ratification takes place.

3. Upon the coming into effect of the provisions of this Convention, the Convention between the Government of Sweden and the Government of the United Kingdom of Great Britain and Northern Ireland

for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income, signed at London on 30th March, 1949, extended with certain modifications to the former Federation of Rhodesia and Nyasaland by an Exchange of Notes, dated 28th May, 1958, and to the former Protectorate of Northern Rhodesia by an Exchange of Notes, dated 21st December, 1963, and continued by Zambia shall cease to have effect.

Article XXVIII Termination

This Convention shall remain in force indefinitely, but either of the Contracting States may, on or before 30th June in any calendar year beginning after the expiration of a period of five years from the date of its entry into force, give to the other Contracting State, through diplomatic channels, written notice of termination.

In such event, the Convention shall cease to have effect--

(a) in Zambia

as respects income for any charge year beginning on or after 1st April of the calendar year following the year in which such notice is given;

(b) in Sweden

as respects income derived on or after 1st January of the calendar year following the year in which such notice is given.

In witness whereof the undersigned being duly authorised thereto have signed this Convention and have affixed thereto their seals.

DONE at Lusaka this 18th day of March, 1974 in duplicate in the English language.

For the Government of
the Kingdom of Sweden
F. Iwo Dolling

For the Government of
the Republic of Zambia
A B Chikwanda