

**AGREEMENT BETWEEN  
THE REPUBLIC OF SINGAPORE AND  
THE REPUBLIC OF FINLAND  
FOR THE AVOIDANCE OF DOUBLE TAXATION AND  
THE PREVENTION OF FISCAL EVASION  
WITH RESPECT TO TAXES ON INCOME**

Date of Conclusion: 7 June 2002.  
Entry into Force: 27 December 2002.  
Effective Date: 1 January 2003.

NOTE

A Protocol which was signed on 16 November 2009 entered into force on 30 April 2010 and its provisions shall take effect from 30 April 2010.

The text of this Protocol signed on 16 November 2009 is shown in Annex A.

NOTE

There was an earlier Convention signed between the Republic of Singapore and the Republic of Finland for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income.

The text of this Convention which was signed on 23 October 1981 is shown in Annex B.

The Government of the Republic of Finland and the Government of the Republic of Singapore,

Desiring to conclude an Agreement for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,

Have agreed as follows:

**ARTICLE 1 - PERSONS COVERED**

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

**ARTICLE 2 - TAXES COVERED**

1. This Agreement shall apply to taxes on income imposed on behalf of a Contracting State or of its local authorities, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income all taxes imposed on total income, or on elements of income, including taxes on gains from the alienation of movable or immovable property.

3. The existing taxes to which the Agreement shall apply are:
- (a) in Finland:
    - (i) the state income taxes;
    - (ii) the corporate income tax;
    - (iii) the communal tax;
    - (iv) the church tax;
    - (v) the tax withheld at source from interest; and
    - (vi) the tax withheld at source from non-residents' income;(hereinafter referred to as "Finnish tax");
  - (b) in Singapore:  
the income tax  
(hereinafter referred to as "Singapore tax").

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

### **ARTICLE 3 - GENERAL DEFINITIONS**

1. For the purposes of this Agreement, unless the context otherwise requires:
- (a) the term "Finland" means the Republic of Finland and, when used in a geographical sense, means the territory of the Republic of Finland, and any area adjacent to the territorial waters of the Republic of Finland within which, under the laws of Finland and in accordance with international law, the rights of Finland with respect to the exploration for and exploitation of the natural resources of the sea bed and its sub-soil and of the superjacent waters may be exercised;
  - (b) the term "Singapore" means the territory of the Republic of Singapore, the territorial waters of Singapore, and, when used in a geographical sense, any area extending beyond the limits of the territorial waters of Singapore, and the sea-bed and subsoil of any such area, which has been or may hereafter be designated under the laws of Singapore and in accordance with international law as an area over which Singapore has sovereign rights for the purposes of exploring and exploiting the natural resources, whether living or non-living;
  - (c) the term "person" includes an individual, a company and any other body of persons;
  - (d) the term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;

- (e) 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;
- (f) the term "national" means:
  - (i) any individual possessing the nationality of a Contracting State;
  - (ii) any legal person, partnership or association deriving its status as such from the laws in force in a Contracting State;
- (g) 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;
- (h) the term "competent authority" means:
  - (i) in Finland, the Ministry of Finance, its authorised representative or the authority which, by the Ministry of Finance, is designated as competent authority,
  - (ii) in Singapore, the Minister for Finance or his authorised representative.

2. As regards the application of the Agreement at any time by a Contracting State, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the law of that State for the purposes of the taxes to which the Agreement applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.

#### **ARTICLE 4 - RESIDENCE**

1. For the purposes of this Agreement, 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, place of incorporation (registration) or any other criterion of a similar nature, and also includes that State and any statutory body or local authority thereof.

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 only 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 only 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 only 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 only 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, the competent authorities of the Contracting States shall settle the question by mutual agreement and determine the mode of application of the Agreement to such person. In so settling and determining the status of that person other than an individual, consideration shall be given to the rules contained in paragraph 3 of Article 4 of the OECD Model Tax Convention, adopted in 1992 (as amended from time to time), especially to the reference concerning the place of effective management, and to the fact where the central management and control is exercised.

## **ARTICLE 5 - PERMANENT ESTABLISHMENT**

1. For the purposes of this Agreement, 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; and
- (f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

3. The term "permanent establishment" also includes:

- (a) a building site or construction or assembly or installation project or supervisory activities in connection therewith, but only where such site, project or activities continue for a period or periods aggregating more than 6 months within any twelve-month period;
- (b) the furnishing of services, including consultancy services, by a resident of a Contracting State through employees or other personnel engaged by the enterprise for a period or periods aggregating more than 183 days within any twelve-month period.

4. 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, 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 of collecting information, for the enterprise;
- (e) the maintenance of a fixed place of business solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;
- (f) the maintenance of a fixed place of business solely for any combination of activities mentioned in sub-paragraphs (a) to (e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

5. Notwithstanding the provisions of paragraphs 1 and 2, where a person -- other than an agent of an independent status to whom paragraph 6 applies -- is acting on behalf of an enterprise and has, and habitually exercises, in a Contracting State an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that State in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to those mentioned in paragraph 4 which, if exercised through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

6. An enterprise shall not be deemed to have a permanent establishment in a Contracting State merely because it carries on business in that 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.

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

## **ARTICLE 6 - INCOME FROM IMMOVABLE PROPERTY**

1. Income 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. (a) The term "immovable property" shall, subject to the provisions of sub-paragraphs (b) and (c), have the meaning which it has under the law of the Contracting State in which the property in question is situated.
- (b) The term "immovable property" shall in any case include buildings, property accessory to immovable property, livestock and equipment used in agriculture and forestry, right 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.
- (c) 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. Where the ownership of shares or other corporate rights in a company entitles the owner of such shares or corporate rights to the enjoyment of immovable property held by the company, the income from the direct use, letting, or use in any other form of such right to enjoyment may be taxed in the Contracting State in which the immovable property is situated.

5. 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.

6. The provisions of paragraph 4 shall also apply to the income from a right of enjoyment referred to in that paragraph of an enterprise and to income from such right of enjoyment 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 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 determining the profits of a permanent establishment, there shall be allowed as deductions all expenses, including executive and general administrative expenses, which would be deductible if the permanent establishment were an independent enterprise, insofar as they are reasonably allocable to the permanent establishment, whether incurred in the Contracting State in which the permanent establishment is situated or elsewhere.

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

5. 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.

6. Where profits include items of income which are dealt with separately in other Articles of this Agreement, then the provisions of those Articles shall not be affected by the provisions of this Article.

## **ARTICLE 8 - SHIPPING AND AIR TRANSPORT**

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

2. For the purposes of this Article, profits from the operation of ships or aircraft in international traffic shall include:

- (a) profits from the rental on a bareboat basis of ships or aircraft; and
- (b) profits from the use, maintenance or rental of containers (including trailers and related equipment for the transport of containers), used for the transport of goods or merchandise;

where such rental or such use, maintenance or rental, as the case may be, is incidental to the operation of ships or aircraft in international traffic.

3. The provisions of paragraphs 1 and 2 shall also apply to profits from the participation in a pool, a joint business or an international operation agency.

## **ARTICLE 9 - ASSOCIATED ENTERPRISES**

1. 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.

2. Where a Contracting State includes in the profits of an enterprise of that State -- and taxes accordingly -- profits on which an enterprise of the other Contracting State has been charged to tax in that other State and the profits so included are profits which would have accrued to the enterprise of the first-mentioned State if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other State shall make an appropriate adjustment to the amount of tax charged therein on those profits if it agrees with the adjustment made by the first-mentioned Contracting State. In determining such adjustment, due regard shall be had to the other provisions of this Agreement and the competent authorities of the Contracting State shall if necessary consult each other.

## **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 also be taxed in the Contracting State of which the company paying the dividends is a resident but:

- (a) if the beneficial owner of the dividends is a resident of the other Contracting State, the tax so charged shall not exceed:
  - (i) 5 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which controls directly at least 10 per cent of the voting power in the company paying the dividends;
  - (ii) 10 per cent of the gross amount of the dividends in all other cases;
- (b) notwithstanding the provisions of sub-paragraph (a), as long as an individual resident in Finland is under Finnish tax law entitled to a tax credit in respect of dividends paid by a company resident in Finland, dividends paid by a company which is a resident of Finland to a resident of Singapore shall be taxable only in Singapore if the beneficial owner of the dividends is a resident of Singapore;
- (c)
  - (i) under the current Singapore laws, where dividends are paid by a company which is a resident of Singapore to a resident of Finland who is the beneficial owner of such dividends, there is no tax in Singapore which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company. Under the full imputation system adopted, the tax deductible from dividends is a tax on the profits or income of the company and not a tax on dividends within the meaning of this Article;
  - (ii) if, subsequent to the signing of the Agreement, Singapore imposes a tax on dividends in addition to the tax chargeable in respect of the profits or income of a company which is a resident of Singapore, such tax may be charged but the tax so charged on the dividends derived by a resident of Finland who is the beneficial owner of such dividends shall be in accordance with the provisions of sub-paragraph (a).

3. The provisions of paragraphs 1 and 2 shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

4. Notwithstanding the provisions of paragraph 2(a), dividends paid by a company which is a resident of a Contracting State to the Government of the other Contracting State shall be taxable only in the other Contracting State.

5. For the purposes of paragraph 4, the term "Government":

- (a) in the case of Finland, means the Government of Finland and shall include:
  - (i) the Bank of Finland;
  - (ii) the Finnish Fund for Industrial Co-operation (FINNFUND);
  - (iii) a statutory body; and

- (iv) any institution wholly or mainly owned by the Government of Finland as may be agreed from time to time between the competent authorities of the Contracting States;
- (b) in the case of Singapore, means the Government of Singapore and shall include:
  - (i) the Monetary Authority of Singapore and the Board of Commissioners of Currency;
  - (ii) the Government of Singapore Investment Corporation Pte Ltd;
  - (iii) a statutory body; and
  - (iv) any institution wholly or mainly owned by the Government of Singapore as may be agreed from time to time between the competent authorities of the Contracting States.

6. The term "dividends" as used in this Article means income from shares, or other rights, not being debt-claims, participating in profits, 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.

7. 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 14, as the case may be, shall apply.

8. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a 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.

## **ARTICLE 11 - INTEREST**

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such interest may 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, the tax so charged shall not exceed 5 per cent of the gross amount of the interest.

3. Notwithstanding the provisions of paragraph 2, interest arising in a Contracting State and paid to the Government of the other Contracting State shall be taxable only in the other Contracting State.

4. For the purpose of paragraph 3, the term "Government":
- (a) in the case of Finland, means the Government of Finland and shall include:
    - (i) the Bank of Finland;
    - (ii) the Finnish Export Credit PLC;
    - (iii) the Finnish Fund for Industrial Co-operation (FINNFUND);
    - (iv) a local authority or a statutory body; and
    - (v) any institution wholly or mainly owned by the Government of Finland as may be agreed from time to time between the competent authorities of the Contracting States;
  - (b) in the case of Singapore, means the Government of Singapore and shall include:
    - (i) the Monetary Authority of Singapore and the Board of Commissioners of Currency;
    - (ii) the Government of Singapore Investment Corporation Pte Ltd;
    - (iii) a local authority or a statutory body; and
    - (iv) any institution wholly or mainly owned by the Government of Singapore as may be agreed from time to time between the competent authorities of the Contracting States.

5. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, 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.

6. 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 situated 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 14, as the case may be, shall apply.

7. Interest shall be deemed to arise in a Contracting State when the payer is 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.

8. 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 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 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 Agreement.

## **ARTICLE 12 - ROYALTIES**

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the laws of that State, but if the recipient is the beneficial owner of the royalties, the tax so charged shall not exceed 5 per cent of the gross amount of the royalties.

3. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including software, cinematograph films, and films or tapes 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 provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a 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 royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

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

6. 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 royalties, 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 beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such 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 Agreement.

## **ARTICLE 13 - CAPITAL GAINS**

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in paragraph 2 of Article 6 and situated in the other Contracting State may be taxed in that other State.

2. Gains derived by a resident of a Contracting State from the alienation of shares (other than shares traded on a recognised Stock Exchange) or other corporate rights in a company of whose assets (the value thereof) more than one-half consists of immovable property situated in the other Contracting State may be taxed in that other State.

3. 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 (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State.

4. Gains derived by an enterprise of a Contracting State from the alienation of ships or aircraft operated in international traffic or movable property pertaining to the operation of such ships or aircraft, shall be taxable only in that State.

5. Gains from the alienation of any property other than that referred to in the preceding paragraphs of this Article, shall be taxable only in the Contracting State of which the alienator is a resident.

#### **ARTICLE 14 - 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 an independent 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 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 State is for a period or periods exceeding in the aggregate 183 days in any twelve-month period commencing or ending in the calendar year concerned; 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.

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 15 - DEPENDENT PERSONAL SERVICES**

1. Subject to the provisions of Articles 16, 18 and 19, 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 the other State for a period or periods not exceeding in the aggregate 183 days within any twelve-month period commencing or ending in the calendar year concerned, and
- (b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State, and
- (c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

3. Notwithstanding the 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 shall be taxable only in that State. However, if the remuneration is derived by a resident of the other Contracting State, it may also be taxed in that other State.

#### **ARTICLE 16 - DIRECTORS' FEES**

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

#### **ARTICLE 17 - ARTISTES AND SPORTSMEN**

1. Notwithstanding the provisions of Article 14 and 15, 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 a sportsman, 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 or in connection with personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the Contracting State in which the activities of the entertainer or sportsman are exercised.

#### **ARTICLE 18 - PENSIONS, ANNUITIES AND SIMILAR PAYMENTS**

1. Subject to the provisions of paragraph 2 of Article 19, pensions and other similar remuneration in consideration of past employment paid to a resident of a Contracting State shall be taxable only in that State.

2. Notwithstanding the provisions of paragraph 1, and subject to the provisions of paragraph 2 of Article 19, pensions paid and other benefits, whether periodic or lump-sum compensation, awarded under the social security legislation of a Contracting State or under any public scheme organised by a Contracting State for social welfare purposes, or any annuity arising in a Contracting State, may be taxed in that State.

3. The term "annuity" as used in this Article 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 (other than services rendered).

## **ARTICLE 19 - GOVERNMENT SERVICE**

1.
  - (a) Salaries, wages and other similar remuneration, other than a pension, paid by a Contracting State or a statutory body or a local authority thereof to an individual in respect of services rendered to that State or body or authority shall be taxable only in that State.
  - (b) However, such salaries, wages and other similar 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 statutory body or a local authority thereof to an individual in respect of services rendered to that State or body or authority shall be taxable only in that State.
  - (b) However, such pension shall be taxable only in the other Contracting State if the individual is a resident of, and a national of, that State.
3. The provisions of Articles 15, 16, 17 and 18 shall apply to salaries, wages and other similar remuneration, and to pensions, in respect of services rendered in connection with a business carried on by a Contracting State or a statutory body or a local authority thereof.

## **ARTICLE 20 - STUDENTS AND TRAINEES**

Payments which a student, or an apprentice or business, technical, agricultural or forestry trainee, 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.

## **ARTICLE 21 - OTHER INCOME**

1. Items of income of a resident of a Contracting State, wherever arising, not dealt with in the foregoing Articles of this Agreement shall be taxable only in that 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 case the provisions of Article 7 or Article 14, as the case may be, shall apply.

3. Notwithstanding the provisions of paragraphs 1 and 2 of this Article, items of income of a resident of a Contracting State not dealt with in the foregoing Articles of this Agreement and arising in the other Contracting State may be taxed in that other State.

## **ARTICLE 22 - LIMITATION OF RELIEF**

1. Where this Agreement provides (with or without other conditions) that income from sources in Finland shall be exempt from tax, or taxed at a reduced rate, in Finland and under the laws in force in Singapore the said income is subject to tax by reference to the amount thereof which is remitted to or received in Singapore and not by reference to the full amount thereof, then the exemption or reduction of tax to be allowed under this Agreement in Finland shall apply only to so much of the income as is remitted to or received in Singapore.

2. However, this limitation does not apply to income derived by the Government of Singapore or any person approved by the competent authority of Singapore for the purpose of this paragraph. The term "the Government of Singapore" shall include its agencies and statutory bodies.

3. A person that is a resident of a Contracting State and derives income from the other Contracting State shall not be entitled to relief from taxation otherwise provided for in this Agreement if it was the main purpose or one of the main purposes of any person concerned with the creation or assignment of such items of income to take advantage of the provisions of this Agreement.

4. In making a determination under paragraph 3, the appropriate competent authority or authorities shall be entitled to consider, among other factors, the amount and nature of the income, circumstances in which the income was derived, the stated intention of the parties to the transaction, and the identity and residence of the persons who in law or in fact, directly or indirectly, control or beneficially own (i) the income or (ii) the persons who are resident(s) of the Contracting State(s) and who are concerned with the payment or receipt of such income.

## **ARTICLE 23 - ELIMINATION OF DOUBLE TAXATION**

1. Subject to the provisions of Finnish law regarding the elimination of international double taxation (which shall not affect the general principle hereof), double taxation shall be eliminated in Finland as follows:

- (a) where a resident of Finland derives income which, in accordance with the provisions of this Agreement, may be taxed in Singapore, Finland shall, subject to the provisions of sub-paragraph (b), allow as a deduction from the Finnish tax of that person, an amount equal to the Singapore tax paid under Singapore law and in accordance with the Agreement, as computed by reference to the same income by reference to which the Finnish tax is computed;
- (b) dividends paid by a company being a resident of Singapore to a company which is a resident of Finland and which controls directly at least 10 per cent of the voting power in the company paying the dividends shall be exempt from Finnish tax;

- (c) where in accordance with any provisions of the Agreement income derived by a resident of Finland is exempt from tax in Finland, Finland may nevertheless, in calculating the amount of tax on the remaining income of such person, take into account the exempted income.

2. In Singapore double taxation shall be eliminated as follows:

Where a resident of Singapore derives income from Finland which, in accordance with the provisions of this Agreement, may be taxed in Finland, Singapore shall, subject to its laws regarding the allowance as a credit against Singapore tax of tax payable in any country other than Singapore, allow the Finnish tax paid, whether directly or by deduction, as a credit against the Singapore tax payable on the income of that resident. Where such income is a dividend paid by a company which is a resident of Finland to a resident of Singapore owning directly or indirectly not less than 10 per cent of the share capital of the dividend paying company, the credit shall take into account the Finnish tax paid by that company on the portion of its profits out of which the dividend is paid.

## **ARTICLE 24 - NON-DISCRIMINATION**

1. Nationals of a Contracting State shall not be subjected in the other Contracting State to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances, in particular with respect to residence, are or may be subjected. This provision shall, notwithstanding the provisions of Article 1, also apply to persons who are not residents of one or both of the Contracting States.

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. Nothing in this Article shall be construed as obliging a Contracting State to grant to:

- (a) residents of the other Contracting State any personal allowances, reliefs and reductions for tax purposes which it grants to its own residents; or

- (b) nationals of the other Contracting State those personal allowances, reliefs and reductions for tax purposes which it grants to its own nationals who are not resident in that Contracting State or to such other persons as may be specified in the taxation laws of that Contracting State.

4. Except where the provisions of paragraph 1 of Article 9, paragraph 7 of Article 11, or paragraph 5 of Article 12, apply, interest, royalties and other disbursements paid by an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned State. Provided that nothing in this paragraph shall be construed as preventing a Contracting State from imposing any obligation to withholding tax from such payments.

5. 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 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 the first-mentioned State are or may be subjected.

6. Where a Contracting State grants tax incentives to its nationals designed to promote economic or social development in accordance with its national policy and criteria, it shall not be construed as discrimination under this Article.

7. The provisions of this Article shall apply to taxes which are the subject of this Agreement.

## **ARTICLE 25 - MUTUAL AGREEMENT PROCEDURE**

1. Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 24, to that of the Contracting State of which he is a national. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Agreement.

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 a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with the Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Contracting States.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Agreement. They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.

4. The competent authorities of the Contracting States may communicate with each other directly, including through a joint commission consisting of themselves or their representatives, for the purpose of reaching an agreement in the sense of the preceding paragraphs.

## **ARTICLE 26 - EXCHANGE OF INFORMATION**

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Agreement or of the domestic laws of the Contracting States concerning taxes covered by the Agreement insofar as the taxation thereunder is not contrary to the Agreement. Any information received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by the Agreement. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

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 and administrative practice of that or of the other Contracting State;
- (b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or 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 (ordre public).

## **ARTICLE 27 - MEMBERS OF DIPLOMATIC MISSIONS AND CONSULAR POSTS**

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

## **ARTICLE 28 - ENTRY INTO FORCE**

1. The Governments of the Contracting States shall notify each other the completion of the procedures required by its law for the bringing into force of this Agreement.

2. The Agreement shall enter into force thirty days after the date of the later of the notifications referred to in paragraph 1 and its provisions shall have effect:

(a) in Finland:

- (i) in respect of taxes withheld at source, on income derived on or after 1 January in the calendar year next following the year in which the Agreement enters into force;
- (ii) in respect of other taxes on income, for taxes chargeable for any tax year beginning on or after 1 January in the calendar year next following the year in which the Agreement enters into force;

(b) in Singapore:

in respect of tax chargeable for any year of assessment beginning on or after 1 January in the second calendar year following the year in which the Agreement enters into force.

3. The Convention between the Republic of Finland and the Republic of Singapore for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed at Singapore on 23 October 1981, shall cease to have effect with respect to taxes to which this Agreement applies in accordance with the provisions of paragraph 2 of this Article.

## **ARTICLE 29 - TERMINATION**

This Agreement shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Agreement, through diplomatic channels, by giving notice of termination on or before the Thirtieth day of June of any calendar year following

after the period of five years from the date on which the Agreement enters into force. In such event, the Agreement shall cease to have effect:

- (a) in Finland:
  - (i) in respect of taxes withheld at source, on income derived on or after 1st January in the calendar year next following the year in which the notice is given;
  - (ii) in respect of other taxes on income, for taxes chargeable for any tax year beginning on or after 1st January in the calendar year next following the year in which the notice is given;
- (b) in Singapore:

in respect of tax chargeable for any year of assessment beginning on or after 1 January in the second calendar year following the year in which the notice is given.

IN WITNESS WHEREOF the undersigned, duly authorised thereto, have signed this Agreement.

DONE in duplicate at Singapore this 7th day of June 2002, in the English language.

For the Government of  
the Republic of Singapore

LEE HSIEN LOONG  
DEPUTY PRIME MINISTER  
AND MINISTER FOR FINANCE

For the Government of  
the Republic of Finland

MS SUVI-ANNE SIIMES  
MINISTER AT THE  
MINISTRY OF FINANCE

# ANNEX A

**PROTOCOL  
AMENDING THE AGREEMENT BETWEEN THE REPUBLIC OF SINGAPORE  
AND THE REPUBLIC OF FINLAND FOR THE AVOIDANCE OF DOUBLE  
TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO  
TAXES ON INCOME SIGNED AT SINGAPORE ON 7 JUNE 2002**

The Government of the Republic of Singapore and the Government of the Republic of Finland,

Desiring to amend the Agreement between the Republic of Singapore and the Republic of Finland for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income, signed at Singapore on 7 June 2002 (hereinafter referred to as “the Agreement”),

Have agreed as follows:

## ARTICLE I

The text of Article 26 of the Agreement is deleted and replaced by the following:

“1. The competent authorities of the Contracting States shall exchange such information as is foreseeably relevant for carrying out the provisions of this Agreement or to the administration or enforcement of the domestic laws concerning taxes of every kind and description imposed on behalf of the Contracting States, or of their political subdivisions or local authorities, insofar as the taxation thereunder is not contrary to the Agreement. The exchange of information is not restricted by Articles 1 and 2.

2. Any information received under paragraph 1 by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, the determination of appeals in relation to the taxes referred to in paragraph 1, or the oversight of the above. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

3. In no case shall the provisions of paragraphs 1 and 2 be construed so as to impose on a Contracting State 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 information which is 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 (ordre public).

4. If information is requested by a Contracting State in accordance with this Article, the other Contracting State shall use its information gathering measures to obtain the requested information, even though that other State may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a Contracting State to decline to supply information solely because it has no domestic interest in such information.

5. In no case shall the provisions of paragraph 3 be construed to permit a Contracting State to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person.”

## **ARTICLE II**

Each of the Contracting States shall notify the other, through diplomatic channels, of the completion of the procedures required by their respective laws for the bringing into force of this Protocol. The Protocol shall enter into force 30 days after the date of the later of such notification and the Protocol shall have effect on that date.

## **ARTICLE III**

This Protocol, which shall form an integral part of the Agreement, shall remain in force as long as the Agreement remains in force and shall apply as long as the Agreement itself is applicable.

IN WITNESS WHEREOF, the undersigned, duly authorised thereto by their respective Governments, have signed this Protocol.

DONE in duplicate at Singapore on this 16<sup>th</sup> day of November 2009, in the English language.

For the Government of  
the Republic of Singapore

For the Government of  
the Republic of Finland

# ANNEX B

## CONVENTION BETWEEN THE REPUBLIC OF SINGAPORE AND THE REPUBLIC OF FINLAND FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME

The Government of the Republic of Singapore and the Government of the Republic of Finland,

Desiring to conclude a Convention for the avoidance of double taxation and the prevention of fiscal evasion with respect to taxes on income,

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 imposed on behalf of each Contracting State or of its local authorities, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income all taxes imposed on total income or on elements of income, including taxes on gains from the alienation of movable or immovable property and taxes on the total amounts of wages or salaries paid by enterprises.

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

(a) in Singapore:

the income tax

(hereinafter referred to as "Singapore tax");

(b) in Finland:

(i) the state income tax;

(ii) the communal tax;

- (iii) the church tax;
  - (iv) the sailors' tax; and
  - (v) the tax withheld at source from non-residents' income;
- (hereinafter referred to as "Finnish tax").

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

5. If by reason of changes made in the taxation law of either Contracting State, it seems desirable to amend any Article of the Convention without affecting the general principles thereof the necessary amendments may be made by mutual consent by means of an exchange of diplomatic notes or in any other manner in accordance with their constitutional procedures.

### **ARTICLE 3 - GENERAL DEFINITIONS**

1. For the purposes of this Convention, unless the context otherwise requires:
  - (a)
    - (i) the term "Singapore" means the Republic of Singapore;
    - (ii) the term "Finland" means the Republic of Finland and, when used in a geographical sense, means any territory in which Finnish taxation law is in force;
  - (b) the terms "a Contracting State" and "the other Contracting State" mean Singapore or Finland as the context requires;
  - (c) the term "person" includes an individual, an undivided estate of a deceased person, a trust, a company and any other body of persons which is treated as an entity for tax purposes;
  - (d) the term "company" means any body corporate or any other entity which is treated as a body corporate for tax purposes;
  - (e) 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;
  - (f) the term "competent authority" means:
    - (i) in Singapore, the Minister for Finance or his authorised representative;
    - (ii) in Finland, the Ministry of Finance or its authorised representative;
  - (g) the term "tax" means Singapore tax or Finnish tax as the context requires;

- (h) the term "national" means:
  - (i) any individual possessing the nationality of a Contracting State;
  - (ii) any legal person, partnership and association deriving its status as such from the laws in force in a Contracting State;
- (i) the term "profits of an enterprise" does not include rents or royalties in respect of literary or artistic copyrights, motion picture films or of tapes for television or broadcasting or of mines, oil wells, quarries, or other places of extraction of natural resources or of timber or forest produce, or income in the form of dividends, interest, rents, royalties or fees or other payments derived from the management, control or supervision of the trade, business or other activity of any other enterprise or concern or payments for labour or personal services or income derived from the operation of ships or aircraft;
- (j) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise which has its place of effective management in a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State or solely between such places and one or more structures used for the exploration or exploitation of natural resources situated in waters adjacent to the territorial waters of that 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 laws of that State concerning the taxes to which the Convention applies.

#### **ARTICLE 4 - FISCAL DOMICILE**

1. For the purposes of this Convention, the term "resident of a Contracting State" means any person who is resident in a Contracting State for tax purposes of that Contracting State.

2. Where by reason of the provision 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 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 (hereinafter referred to as his "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, the competent authorities of the two 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, it shall be deemed to be a resident of the Contracting State in which its place of effective management is situated. If its place of effective management cannot be determined, the competent authorities of the Contracting States shall settle the question by mutual agreement.

## **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 but is not limited to:

- (a) a place of management;
- (b) a branch;
- (c) an office;
- (d) a store or other sales outlet;
- (e) a factory;
- (f) a workshop;
- (g) a warehouse; and
- (h) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

3. The term "permanent establishment" also includes:

- (a) a building site, or a construction, installation or assembly project, but only where such site or project or any combination of them continues for a period or periods aggregating more than six months within any 12-month period;
- (b) the furnishing of services, including consultancy services, by a resident of a Contracting State through employees or other personnel.

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 a period or periods aggregating more than six months within any 12-month period in connection with a construction, installation or assembly project or any combination of them which are being undertaken in that other Contracting State.

5. The term "permanent establishment" shall be deemed not 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 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 similar activities which have a preparatory or auxiliary character for the enterprise.

6. 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 7 applies, shall be deemed to be a permanent establishment in the first-mentioned Contracting State if:

- (a) he has, and habitually exercises in the first-mentioned Contracting State, an authority to conclude contracts for or on behalf of the enterprise unless the exercise of such authority is limited to the purchase of goods or merchandise for that enterprise; or
- (b) he habitually maintains in the first-mentioned Contracting State a stock of goods or merchandise belonging to the enterprise from which he regularly fills orders on behalf of the enterprise; or
- (c) he habitually secures orders in the first-mentioned Contracting State wholly or almost wholly for the enterprise itself or for any other enterprise which is controlled by it or has a controlling interest in it.

7. An enterprise of a Contracting State shall not be deemed to have a permanent establishment in the other Contracting State merely because that enterprise carries on business in that other Contracting State through a broker, general commission agent, or any other agent of an independent status, where such broker or agent is acting in the ordinary course of his business.

8. Except with respect to reinsurance, an enterprise of a Contracting State shall be deemed to have a permanent establishment in the other Contracting State if it collects premiums in that other State, or insures risks situated therein, through an employee or representative situated therein who is not an agent of independent status to whom paragraph 7 applies.

9. 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.
  - (a) The term "immovable property" shall, subject to the provisions of subparagraphs (b) and (c), have the meaning which it has under the law of the Contracting State in which the property in question is situated.
  - (b) The term "immovable property" 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.
  - (c) Ships and aircraft shall not be regarded as immovable property.
3. The provision of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.
4. Where the ownership of shares or other corporate rights in a company entitles the owner of such shares or corporate rights to the enjoyment of immovable property held by the company, the income from the direct use, letting, or use in any other form of such right to enjoyment may be taxed in the Contracting State in which the immovable property is situated.
5. 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.
6. The provisions of paragraph 4 shall also apply to the income from a right of enjoyment referred to in that paragraph of an enterprise and to income from such right of enjoyment used for the performance of professional services.

## **ARTICLE 7 - BUSINESS PROFITS**

1. The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.
2. 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 determining the profits of a permanent establishment, there shall be allowed as deductions all expenses, including executive and general administrative expenses, which would be deductible if the permanent establishment were an independent enterprise, insofar as they are reasonably allocable to the permanent establishment, whether incurred in the Contracting 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 a certain reasonable percentage of the gross receipts of the enterprise or on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude such Contracting State from determining the profits to be taxed by any of such methods; the method 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. Where profits include items of income which are dealt with separately in other Articles of this Convention, then the provisions of those Articles shall not be affected by the provisions of this Article.

## **ARTICLE 8 - SHIPPING AND AIR TRANSPORT**

1. Profits from the operation of 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. Profits of an enterprise of a Contracting State from the operation of ships in international traffic may be taxed in both Contracting States:

Provided that -

(a) when a Singapore enterprise operating ships in international traffic derives profits from such operations carried on in Finland, the tax charged in Finland in respect of such profits shall be reduced by an amount equal to 50% thereof, and the reduced amount of the Finnish tax payable on the profits shall be allowed as a credit against the Singapore tax charged in respect of such income;

(b) when a Finnish enterprise operating ships in international traffic derives profits from such operations carried on in Singapore, the tax charged in Singapore in respect of such profits shall be reduced by an amount equal to 50% thereof, and the reduced amount of the Singapore tax payable on the profits shall be allowed as a credit against the Finnish tax charged in respect of such income.

3. This Article shall likewise apply to the share in respect of participations in shipping or air transport pools of any kind by such enterprise engaged in shipping or air transport.

## **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.

- (a) Dividends paid by a company which is a resident of Finland to a resident of Singapore may be taxed in Singapore. However, such dividends may also be taxed in Finland and according to the laws of Finland but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed:
  - (i) 5% of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 10% of the capital of the company paying the dividends;
  - (ii) 15% of the gross amount of the dividends in all other cases.
- (b)
  - (i) Under the current Singapore laws, where dividends are paid by a company which is a resident of Singapore to a resident of Finland who is the beneficial owner of such dividends, there is no tax in Singapore which is chargeable on dividends in addition to the tax chargeable in respect of the profits or income of the company.
  - (ii) If Singapore, subsequent to the signing of the Convention, imposes a tax on dividends paid by a company which is a resident of Singapore which is in addition to the tax chargeable in respect of the profits or income of the company, such tax may be charged but the tax so charged on such dividends derived by a resident of Finland who is the beneficial owner of such dividends shall be in accordance with the provisions of sub-paragraph (a).
- (c) The provisions of this paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.
- (d) The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this paragraph.

2. The term "dividends" as used in this Article means income from shares or other rights, not being debt-claims, participating in profits, 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.

3. 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 professional services from a fixed base situated therein, and the holding by virtue of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case, the dividend shall be treated as the income of the permanent establishment, as provided under Article 7, or of the fixed base, as the case may be.

4. Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other State or insofar as the holding in respect of which the dividends are paid is effectively connected with a 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.

5.

- (a) Dividends shall be deemed to arise in Finland if they are paid by a company which is a resident of Finland.
- (b) Dividends shall be deemed to arise in Singapore -
  - (i) if they are paid by a company which is a resident of Singapore; or
  - (ii) if they are paid by a company which is a resident of Malaysia out of profits arising in Singapore and qualifying as dividends arising in Singapore under Article VII of the Agreement for the Avoidance of Double Taxation between Singapore and Malaysia signed on 26th December, 1968.

#### **ARTICLE 11 - INTEREST**

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such interest may also be taxed in the Contracting State in which it arises and according to the law of the State, but if the recipient is the beneficial owner of the interest the tax so charged shall not exceed 10% 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 shall be exempt from tax in the first-mentioned Contracting State.

4. For the purposes of paragraph 3, the term "Government":

- (a) in the case of Singapore means the Government of Singapore and shall include:
  - (i) the Monetary Authority of Singapore and the Board of Commissioners of Currency;
  - (ii) the Government of Singapore Investment Corporation Pte Ltd;
  - (iii) INTRACO Limited, The Development Bank of Singapore Limited and the Export Credit Insurance Corporation of Singapore Limited;

- (iv)
  - (aa) a statutory body or
  - (bb) any institution wholly or mainly owned by the Government of Singapore, a local authority or a statutory body thereof,

as may be agreed from time to time between the competent authorities of the Contracting States;

- (b) in the case of Finland means the Government of Finland and shall include -
  - (i) a local authority;
  - (ii) the Finnish Export Credit Limited;
  - (iii)
    - (aa) a statutory body or
    - (bb) any institution wholly or mainly owned by the Government of Finland, a local authority or a statutory body thereof,

as may be agreed from time to time between the competent authorities of the Contracting States.

5. The term "interest" as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage, and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures, as well as income assimilated to income from money lent by the taxation law of the State in which the income arises, including interest on deferred payment sales. Penalty charges for late payment shall not be regarded as interest for the purposes of this Article.

6. 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 situated therein, or performs in that other State professional 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 interest shall be treated as the income of the permanent establishment, as provided under Article 7, or of the fixed base, as the case may be.

7. Interest shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority, a statutory body 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 that interest is borne by that permanent establishment or fixed base, then such interest shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base 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 12 - ROYALTIES**

1. Royalties arising in a Contracting State and paid to a resident of the other Contracting State may be taxed in that other State.

2. However, such royalties may also be taxed in the Contracting State in which they arise and according to the law of that State, but if the recipient is the beneficial owner of the royalties the tax so charged shall not exceed 10% 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" 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 scientific work, any patent, trade mark, design or model, plan, or secret formula or process, or for the use of, or the right to use, industrial, commercial or scientific equipment, or for information concerning industrial or scientific experience.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a Contracting State, carries on business in the other Contracting State in which the royalties arise, through a 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 royalties are paid is effectively connected with such permanent establishment or fixed base. In such case, the royalties shall be treated as the income of the permanent establishment, as provided under Article 7, or of the fixed base, as the case may be.

5. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority, a statutory body, or a resident of that State. Where, however, the person paying the royalties, whether he is a resident of a Contracting State or not, has in a Contracting State a permanent establishment or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to arise in the Contracting State in which the permanent establishment or fixed base 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 were paid, exceeds the amount which would have been agreed upon by the payer and the recipient in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable according to the law of each Contracting State, due regard being had to the other provisions of this Convention.

## **ARTICLE 13 - PERSONAL SERVICES**

1. Subject to the provisions of Articles 14, 16 and 17, salaries, wages and other similar remuneration or income derived by a resident of a Contracting State in respect of personal (including professional) services shall be taxable only in that State unless the services are rendered in the other Contracting State. If the services are so rendered, such remuneration or income as is derived therefrom may be taxed in that other State.

2. Notwithstanding the provisions of paragraph 1, remuneration or income derived by a resident of a Contracting State in respect of services rendered in the other Contracting State shall be taxable only in the first-mentioned State if:

- (a) the recipient is present in the other State for a period or periods not exceeding in the aggregate 183 days in the calendar year concerned, and
- (b) the services are rendered for or on behalf of a person who is a resident of the first-mentioned State, and
- (c) the remuneration or income is not borne by a permanent establishment which the person paying the remuneration or income has in the other Contracting 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 shall be taxable only in the Contracting State in which the place of effective management of the enterprise is situated.

#### **ARTICLE 14 - DIRECTORS' FEES**

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

2. The remuneration which a person to whom paragraph 1 applies derives from the company in respect of the discharge of day-to-day functions of a managerial or technical nature may be taxed in accordance with the provisions of Article 13.

#### **ARTICLE 15 - ARTISTES AND ATHLETES**

1. Notwithstanding the provisions of Article 13, 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 Contracting State.

Such income shall, however, be exempt from tax in that other Contracting State if such activities are supported, wholly or substantially, from the public funds of the Government of either Contracting State or a local authority or a statutory body thereof.

2. Where income in respect of personal activities exercised in a Contracting State 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 and 13, be taxed in the first-mentioned Contracting State.

Such income shall, however, be exempt from tax in the first-mentioned Contracting State if such activities are supported, wholly or substantially, from the public funds of the Government of either Contracting State or a local authority or a statutory body thereof.

## **ARTICLE 16 - GOVERNMENT SERVICE**

1.
  - (a) Remuneration, other than a pension, paid by a Contracting State or a statutory body or a local authority thereof to an individual in respect of services rendered to that State or body or authority shall be taxable only in that State.
  - (b) However, such remuneration shall be taxable only in the Contracting State of which the individual is a resident if the services are rendered in that State and the individual:
    - (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 statutory body or a local authority thereof to an individual in respect of services rendered to that State or body or authority shall be taxable only in that State.
  - (b) However, such pension shall be taxable only in the Contracting State of which the individual is a resident if he is a national of that State.
3. The provisions of this Article shall not apply to remuneration and pensions in respect of services rendered in connection with a business carried on by a Contracting State or a local authority thereof.

## **ARTICLE 17 - STUDENTS AND TRAINEES**

1. An individual who is a resident of a Contracting State immediately before making a visit to the other Contracting State and is present in that other Contracting State for a period not exceeding five years solely:
  - (a) as a student at a recognised university, college or school in that other Contracting State,
  - (b) as a recipient of grant, allowance or award for the primary purpose of study or research from a governmental, religious, charitable, scientific, literary or educational organisation, or
  - (c) as business apprentice,shall be exempt from tax of that other Contracting State in respect of:
  - (i) remittances from abroad for the purposes of his maintenance, education, study, research or training,
  - (ii) the grant, allowance or award, and

- (iii) remuneration for personal services in that other Contracting State not exceeding the sum of 2500 United States dollars or its equivalent sum in Singapore or Finnish currency, during any calendar year, or such amount as may be agreed from time to time between the competent authorities of the Contracting States; provided that any amount in excess of 2500 United States dollars (or such revised amount) or its equivalent in Singapore or Finnish currency shall remain taxable according to the law of that other State, due regard being had to the other provisions of the Convention.

2. An individual who is a resident of a Contracting State immediately before making a visit to the other Contracting State and is present in that other Contracting State for a period not exceeding twelve months as an employee of, or under contract with, an enterprise of the first-mentioned Contracting State, or an organisation referred to in sub-paragraph (b) of paragraph 1, solely to acquire technical, professional or business experience from a person other than such enterprise or organisation, shall be exempt from tax of that other Contracting State on the remuneration for such period, received from abroad, or paid in that other Contracting State for his services directly related to the acquisition of such experience, if the amount thereof does not exceed the sum of 5000 United States dollars or its equivalent sum in Singapore or Finnish currency, during any calendar year, or such amount as may be agreed from time to time between the competent authorities of the Contracting States; provided that any amount in excess of 5000 United States dollars (or such revised amount) or its equivalent in Singapore or Finnish currency shall remain taxable according to the law of that other State, due regard being had to the other provisions of the Convention.

3. An individual who is a resident of a Contracting State immediately before making a visit to the other Contracting State and is present in that other Contracting State for a period not exceeding five years under arrangements with the Government (including a local government) of the other Contracting State or any authority or agency thereof, solely for the purpose of study, research or training shall be exempt from tax of that other Contracting State on remuneration, received from abroad, or paid in that other Contracting State for his services directly related to such study, research or training, if the amount thereof does not exceed the sum of 5000 United States dollars or its equivalent sum in Singapore or Finnish currency, during any calendar year, or such amount as may be agreed from time to time between the competent authorities of the Contracting States; provided that any amount in excess of 5000 United States dollars (or such revised amount) or its equivalent in Singapore or Finnish currency shall remain taxable according to the law of that other State, due regard being had to the other provisions of the Convention.

4. The benefits of paragraphs 1, 2 or 3 shall not be concurrently cumulative.

## **ARTICLE 18 - PENSIONS**

Subject to the provisions of paragraph 2 of Article 16, pensions and other payments made under the social security legislation of a Contracting State shall be taxable only in that State.

## **ARTICLE 19 - INCOME NOT EXPRESSLY MENTIONED**

Items of income not expressly mentioned in the foregoing Articles of this Convention and arising in a Contracting State may be taxed in that State.

## **ARTICLE 20 - LIMITATION OF RELIEF**

1. Where this Convention provides (with or without other conditions) that income from sources in Finland shall be exempt from tax, or taxed at a reduced rate, in Finland and under the laws in force in Singapore the said income is subject to tax by reference to the amount thereof which is remitted to or received in Singapore and not by reference to the full amount thereof, then the exemption or reduction of tax to be allowed under this Convention in Finland shall apply only to so much of the income as is remitted to or received in Singapore.

2. However, this limitation does not apply to income derived by the Government of Singapore or any person approved by the competent authority of Singapore for the purpose of this paragraph. The term "the Government of Singapore" shall include its agencies and statutory bodies.

## **ARTICLE 21 - ELIMINATION OF DOUBLE TAXATION**

1. The laws of each Contracting State shall continue to govern the taxation of income in that State except where express provision to the contrary is made in the present Convention. Where income is subject to tax in both Contracting States, relief from double taxation shall be given in accordance with the following paragraphs of this Article.

2. In Finland double taxation shall be eliminated as follows:

- (a) Where a resident of Finland derives income which, in accordance with the provisions of this Convention, may be taxed in Singapore, Finland shall, subject to the provisions of sub-paragraph (b), allow as a deduction from the tax on income of that person, an amount equal to the tax on income paid in Singapore. Such deduction shall not, however, exceed that part of the tax on income, as computed before the deduction is given, which is attributable to the income which may be taxed in Singapore.
- (b) Dividends paid by a company which is a resident of Singapore to a company which is a resident of Finland shall be exempt from Finnish tax to the extent that the dividends would have been exempt from tax under Finnish taxation law if both companies had been residents of Finland.
- (c) Where in accordance with any provision of the Convention income derived by a resident of Finland is exempt from tax in Finland, Finland may nevertheless, in calculating the amount of tax on the remaining income of such resident, take into account the exempted income.
- (d) For the purposes of sub-paragraph (a) the term "tax on income paid in Singapore" shall be deemed to include any amount which would have been payable as Singapore tax for any year but for -
  - (i) any reduction or exemption of Singapore tax on income arising from Singapore granted under the provisions concerning the special incentive measures to promote economic development in Singapore effective on the date of signature of the Convention;
  - (ii) any reduction or exemption of Singapore tax granted under any other provisions which may subsequently be enacted and which the competent authorities of the Contracting States agree to be for the purpose of promoting economic development.

- (e) The provisions of sub-paragraph (d) shall apply for the first five years for which the Convention is effective but the competent authorities of the Contracting States may consult each other to determine whether this period shall be extended.

3. In Singapore double taxation shall be eliminated as follows:

Subject to the provisions of the laws of Singapore regarding the allowance as a credit against Singapore tax of tax payable in any country other than Singapore, Finnish tax payable, whether directly or by deduction, in respect of income from sources within Finland shall be allowed as a credit against Singapore tax payable in respect of that income. Where such income is a dividend paid by a company which is a resident of Finland to a resident of Singapore, the credit shall take into account Finnish tax payable in respect of its profits by the company paying the dividend.

## **ARTICLE 22 - NON-DISCRIMINATION**

1. The nationals of a Contracting State shall not be subject in the other Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which nationals of that other State in the same circumstances are or may be subjected.

2. 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. Nothing in this Article shall be construed as obliging a Contracting State to grant to -

- (a) residents of the other Contracting State any personal allowances, reliefs and reductions for tax purposes which it grants to its own residents, or
- (b) nationals of the other Contracting State those personal allowances, reliefs and reductions for tax purposes which it grants to its own nationals who are not resident in that Contracting State or to such other persons as may be specified in the taxation laws of that Contracting State.

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 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 the first-mentioned State are or may be subjected.

5. Where a Contracting State grants tax incentives to its nationals designed to promote economic development in accordance with its national policy and criteria, it shall not be construed as discrimination under this Article.

6. In this Article, the term "taxation" means taxes which are the subject of this Convention.

## **ARTICLE 23 - MUTUAL AGREEMENT PROCEDURE**

1. Where a person considers that the actions of one or both of the Contracting States result or will result for him in taxation not in accordance with the provisions of this Convention, he may, irrespective of the remedies provided by the domestic law of those States, present his case to the competent authority of the Contracting State of which he is a resident or, if his case comes under paragraph 1 of Article 22, to that of the Contracting State of which he is a national. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Convention.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Contracting State, with a view to the avoidance of taxation which is not in accordance with the Convention. Any agreement reached shall be implemented within the time limits in the domestic law of the Contracting States.

3. The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. In particular, they may consult together for the purpose of reaching an agreement on the allocation of income in cases referred to in Article 9. They may also consult together for the elimination of double taxation in cases not provided for in the Convention.

4. In the event the competent authorities reach an agreement referred to in paragraphs 2 and 3, taxes shall be imposed on such income, and refund or credit of taxes shall be allowed by the Contracting States in accordance with such agreement. It shall be implemented within the time limits in the domestic law of the Contracting States.

5. 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 24 - EXCHANGE OF INFORMATION**

1. The competent authorities of the Contracting States shall exchange such information as is necessary for carrying out the provisions of this Convention or of the domestic laws of the Contracting States concerning taxes covered by the Convention insofar as the taxation thereunder is not contrary to the Convention. Any information received by a Contracting State shall be treated as secret in the same manner as information obtained under the domestic laws of that State and shall be disclosed only to persons or authorities (including courts and administrative bodies) involved in the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to, the taxes covered by the Convention.

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 information which is 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 (ordre public).

## **ARTICLE 25 - DIPLOMATIC AGENTS AND CONSULAR OFFICERS**

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

## **ARTICLE 26 - ENTRY INTO FORCE**

1. This Convention shall be approved by Singapore and Finland in accordance with their respective legal procedures. The Governments of Singapore and Finland shall notify each other that these procedures have been complied with.

2. The Convention shall enter into force thirty days after the date of the later of the notifications referred to in paragraph 1 and its provisions shall have effect:

(a) in Singapore:

in respect of Singapore tax for any year of assessment beginning on or after 1 January in the second calendar year following the year in which the Convention enters into force;

(b) in Finland:

(i) in respect of taxes withheld at source, to income derived on or after 1 January in the calendar year next following the year in which the Convention enters into force;

(ii) in respect of other taxes on income, to taxes chargeable for any taxable year beginning on or after 1 January in the calendar year next following the year in which the Convention enters into force.

## **ARTICLE 27 - TERMINATION**

This Convention shall remain in force until terminated by a Contracting State. Either Contracting State may terminate the Convention, through diplomatic channels, by giving written notice of termination on or before the Thirtieth day of June of any calendar year following after the period of five years from the date on which the Convention enters into force. In such event, the Convention shall cease to have effect:

(a) in Singapore:

in respect of Singapore tax for any year of assessment beginning on or after 1 January in the second calendar year following the year in which the notice is given;

- (b) in Finland:
- (i) in respect of taxes withheld at source, to income derived on or after 1 January in the calendar year next following the year in which the notice is given;
  - (ii) in respect of other taxes on income, to taxes chargeable for any taxable year beginning on or after 1 January in the calendar year next following the year in which the notice is given.

IN WITNESS WHEREOF the undersigned, being duly authorised thereto, have signed this Convention.

DONE in duplicate at Singapore this 23rd day of October of the year 1981 in the English language.

*For the Government of  
the Republic of Singapore:*

HSU TSE-KWANG

*For the Government of  
the Republic of Finland:*

H. E. DR. RISTO HYVARINEN