

UK/FINLAND DOUBLE TAXATION CONVENTION
SIGNED 17 JULY 1969

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Entered into force 5 February 1970

Effective in United Kingdom from 1 April 1968 for corporation tax and from
6 April 1968 for income tax and surtax

Effective in Finland from 1 January 1969

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Editor's Note: The text presented below incorporates changes made by protocols, exchanges of notes, and other similar agreements to show the text of the treaty as it currently reads. Only those subsequent agreements that amend the text of the treaty (rather than provide explanatory information), and that have entered into force have been incorporated into the text.

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CONVENTION BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF THE REPUBLIC OF FINLAND FOR THE AVOIDANCE OF DOUBLE TAXATION AND THE PREVENTION OF FISCAL EVASION WITH RESPECT TO TAXES ON INCOME AND CAPITAL

The Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Finland;

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

Have agreed as follows:--

Article 1
Personal Scope

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

Article 2 Taxes Covered

(1) The taxes which are the subject of this Convention are:

(a) in the United Kingdom of Great Britain and Northern Ireland:

- (i) the income tax;
- (ii) the corporation tax;
- (iii) the petroleum revenue tax; and
- (iv) the capital gains tax;

(b) in Finland:

- (i) the state income taxes (valtion tuloverot; de statliga inkomstskatterna);
- (ii) the corporate income tax (yhteisöjen tulovero; inkomstskatten för samfund);
- (iii) the communal tax (kunnallisvero; kommunalskatten);
- (iv) the church tax (kirkollisvero; kyrkoskatten);
- (v) the tax withheld at source from interest (korkotulon lahdevero; kallskatten på ranteinkomst);
- (vi) the tax withheld at source from non-residents' income (rajoitetusti verovelvollisen lahdevero; kallskatten för begränsat skattskyldig);
- (vii) the state capital tax (valtion varallisuusvero; den statliga förmögenhetsskatten).

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

Article 3 General Definitions

(1) In this Convention, unless the context otherwise requires:

(a) the term "United Kingdom" means Great Britain and Northern Ireland, including any area outside the territorial sea of the United Kingdom which in accordance with international law has been or may hereafter be designated, under the laws of the United Kingdom concerning the Continental Shelf, as an area within which the rights of the United Kingdom with respect to the sea bed and sub-soil and their natural resources may be exercised;

(b) the term "Finland" means the Republic of Finland, including any area outside the territorial sea of Finland within which in accordance with international law and under the laws of Finland concerning the Continental Shelf the rights of Finland with respect to the sea bed and sub-soil and their natural resources may be exercised;

(c) the term "national" means:

(i) in relation to the United Kingdom, any British citizen or any British subject not possessing the citizenship of any other Commonwealth country or territory, provided he has the right of abode in the United Kingdom; and any legal person, partnership, association or other entity deriving its status as such from the law in force in the United Kingdom;

(ii) in relation to Finland, any individual possessing the nationality of Finland and any legal person, partnership, association or other entity deriving its status as such from the law in force in Finland;

(d) the term "United Kingdom tax" means tax imposed in the United Kingdom being tax to which this Convention applies by virtue of the provisions of Article 2; the term "Finnish tax" means tax imposed in Finland being tax to which this Convention applies by virtue of the provisions of Article 2;

(e) the term "tax" means United Kingdom tax or Finnish tax, as the context requires;

(f) the terms "a Contracting State" and "the other Contracting State" mean the United Kingdom or Finland, as the context requires;

(g) the term "person" comprises an individual, a company and any other body of persons, but does not include partnerships which are not treated as bodies corporate for tax purposes in either Contracting State;

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

(i) 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;

(j) the term "competent authority" means, in the case of the United Kingdom, the Commissioners of Inland Revenue or their authorised representative, and in the case of Finland, the Ministry of Finance or its authorised representative.

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

Article 4 Fiscal Domicile

(1) For the purposes of this Convention, the term "resident of a Contracting State" means, subject to the provisions of paragraphs (2) and (3) of this Article, any person who, under the law of that State, is liable to taxation therein by reason of his domicile, residence, place of management or any other criterion of a similar nature; the term does not include any individual who is liable to tax in that Contracting State only if he derives income from sources therein. The terms "resident of the United Kingdom" and "resident of Finland" shall be construed accordingly.

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

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

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

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

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

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

Article 5

Permanent Establishment

(1) For the purposes of this Convention, the term "permanent establishment" means a fixed place of business in which the business of the enterprise is wholly or partly carried on.

(2) The term "permanent establishment" shall include especially:

(a) a place of management;

(b) a branch;

(c) an office;

(d) a factory;

(e) a workshop;

(f) a mine, quarry or other place of extraction of natural resources;

(g) a building site or construction or assembly project which exists for more than twelve months.

(3) The term "permanent establishment" shall not be deemed to include:

(a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;

(b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;

(c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;

(d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise, or for collecting information, for the enterprise;

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

(4) An enterprise of a Contracting State shall be deemed to have a permanent establishment in the other Contracting State if it carries on the activity of providing the

services within that other Contracting State of public entertainers or athletes referred to in Article 18.

(5) A person acting in a Contracting State on behalf of an enterprise of the other Contracting State -- other than an agent of an independent status to whom the provisions of paragraph (6) of this Article apply -- shall be deemed to be a permanent establishment in the first-mentioned State if he has, and habitually exercises in that State, an authority to conclude contracts in the name of the enterprise, unless his activities are limited to the purchase of goods or merchandise for the enterprise.

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

(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
Limitation of Relief

Where under any provision of this Convention income or capital gains are relieved from Finnish tax and, under the law in force in the United Kingdom, an individual in respect of the said income or capital gains is subject to tax by reference to the amount thereof which is remitted to or received in the United Kingdom and not by reference to the full amount thereof, then the relief to be allowed under this Convention in Finland shall apply only to so much of the income or capital gains as is remitted to or received in the United Kingdom.

Article 7

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) below, 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, boats and aircraft shall not be regarded as immovable property.

(3) The provisions of paragraph (1) of this Article 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 owned or leased by the company, the income from the direct use, letting, or use in any other form of such entitlement to enjoyment may be taxed in the Contracting State in which the immovable property is situated.

(5) The provisions of paragraphs (1) and (3) of this Article 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) of this Article shall also apply to the income from an entitlement to enjoyment referred to in that paragraph of an enterprise and to income from such entitlement to enjoyment directly connected with immovable property used for the performance of independent personal services.

Article 8

Business profits

(1) The profits of an enterprise of a Contracting State shall be taxable only in that State unless the enterprise carries on business in the other Contracting State through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other State but only so much of them as is attributable to that permanent establishment.

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

(3) In the determination of the profits of a permanent establishment, there shall be allowed as deductions expenses of the enterprise (other than expenses which would not be deductible if the permanent establishment were a separate enterprise) which are incurred for the purposes of the permanent establishment, including executive and general administration expenses so incurred, whether in the State in which the permanent establishment is situated or elsewhere.

(4) In so far as it has been customary in a Contracting State, according to its law, to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total income of the enterprise to its various parts, nothing in paragraph (2) of this Article shall preclude that Contracting State from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles of this Article.

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

(6) For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

(7) Where profits include items 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 9
Shipping and air transport

A resident of a Contracting State shall be taxable only in that Contracting State on profits from the operation of ships or aircraft other than profits from voyages of ships or aircraft confined solely to places in the other Contracting State.

Article 10

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, if it agrees that the taxation of such profits by the first-mentioned State is justified both in principle and as regards the amount under the provisions of paragraph (1) of this Article, that other State shall make an appropriate adjustment to the amount of tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Convention and the competent authorities of the Contracting States shall if necessary consult each other.

Article 11 Dividends

(1) Dividends paid by a company being a resident of a Contracting State which are derived and beneficially owned by a resident of the other Contracting State shall be taxable only in that other State.

(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 assimilated to income from shares by the taxation law of the State of which the company making the distribution is a resident and also includes any other item (other than interest or royalties relieved from tax under the provisions of Article 12 or Article 13 of this Convention) which, under the law of the Contracting State of which the company paying the dividend is a resident, is treated as a dividend or distribution of a company.

(3) The provisions of paragraph (1) of this Article 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 8 or Article 15, as the case may be, shall apply.

(4) If the beneficial owner of the dividends being a resident of a Contracting State owns 10 per cent or more of the class of shares in respect of which the dividends are paid and does not suffer tax thereon in that State then paragraph (1) of this Article shall not apply to the dividends to the extent that they can have been paid only out of profits which the company paying the dividends earned or other income which it received in a period ending twelve months or more before the relevant date. For the purposes of this paragraph the term "relevant date" means the date on which the beneficial owner of the dividends became the owner of 10 per cent or more of the class of shares in question. Provided that this paragraph shall apply only if the shares were acquired primarily for the purpose of securing the benefit of this Article and not for bona fide commercial reasons.

(5) Where a company which is a resident of a Contracting State derives profits or income from the other Contracting State, that other State may not impose any tax on the dividends paid by the company, except 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, now 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 12

Interest

(1) Interest arising in a Contracting State which is derived and beneficially owned by a resident of the other Contracting State shall be taxable only in that other State.

(2) The term "interest" as used in this Article means income from Government securities, bonds or debentures, whether or not secured by mortgage and whether or not carrying a right to participate in profits, and other debt-claims of every kind as well as all other income assimilated to income from money lent by the taxation law of the State in which the income arises. The term "interest" shall not include any item which is treated as a distribution under the provisions of Article 11.

(3) The provisions of paragraph (1) of this Article 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 a case the provisions of Article 8 or Article 15, as the case may be, shall apply.

(4) The exemption from tax provided for in paragraph (1) of this Article shall not apply to interest on any form of debt-claim dealt in on a stock exchange where the beneficial owner of the interest:

(a) does not bear tax in respect thereof in the Contracting State of which it is a resident; and

(b) sells (or makes a contract to sell) the debt-claim from which such interest is derived within three months of the date on which such beneficial owner acquired such debt-claim.

(5) Where, owing to a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest paid exceeds, for whatever reason, the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In 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.

(6) The provisions of this Article shall not apply if the debt-claim in respect of which the interest is paid was created or assigned mainly for the purpose of taking advantage of this Article and not for bona fide commercial reasons.

Article 13 Royalties

(1) Royalties arising in a Contracting State which are derived and beneficially owned by a resident of the other Contracting State shall be taxable only in that other State.

(2) The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work (including cinematograph films, and 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.

(3) The provisions of paragraph (1) of this Article 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 a case the provisions of Article 8 or Article 15, as the case may be, shall apply.

(4) Without prejudice to the provisions of paragraph (5) of this Article, any provision of the law of a Contracting State which requires royalties paid by a company to be left out of account as a deduction in computing the company's taxable profits as being a distribution shall not operate in relation to royalties paid to a resident of the other Contracting State. The preceding sentence shall not however apply to royalties derived and beneficially owned by a company which is a resident of that other Contracting State where:

(a) the same persons participate directly or indirectly in the management or control of the company paying the royalties and the company beneficially owning the royalties; and

(b) more than 50 per cent of the voting power in the company beneficially owning the royalties is controlled directly or indirectly by a person or persons resident in the Contracting State in which the company paying the royalties is resident.

(5) Where, owing to a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties paid exceeds, for whatever reason, the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In that case, the excess part of the payments shall remain taxable accordingly to the law of each Contracting State, due regard being had to the other provisions of this Convention.

(6) The provisions of this Article shall not apply if the right or property giving rise to the royalties was created or assigned mainly for the purpose of taking advantage of this Article and not for bona fide commercial reasons.

Article 14 Capital Gains

(1) Gains derived by a resident of a Contracting State from the alienation of immovable property, as defined in paragraph (2) of Article 7, 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:

(a) shares or other corporate rights, other than shares quoted on an approved Stock Exchange, deriving more than half of their value directly or indirectly from immovable property situated in the other Contracting State, or

(b) an interest in a partnership or trust the assets of which derive more than half of their value from immovable property situated in the other Contracting State, or from shares or other corporate rights referred to in sub-paragraph (a) above, 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) Notwithstanding the provisions of paragraph (3) of this Article, gains derived by a resident of a Contracting State from the alienation of ships or aircraft operated in international traffic and movable property pertaining to the operation of such ships or aircraft shall be taxable only in that State.

(5) Gains derived by a resident of a Contracting State from the alienation of rights to assets to be produced by the exploration or exploitation of the sea bed and sub-soil and their natural resources situated in the other Contracting State, including rights to interests in or to the benefit of such assets or from the alienation of shares deriving their value or the greater part of their value directly or indirectly from such rights, may be taxed in that other State.

(6) Gains from the alienation of any property other than those mentioned in the preceding paragraphs of this Article shall be taxable only in the Contracting State of which the alienator is a resident.

(7) The provisions of paragraph (6) of this Article shall not affect the right of a Contracting State to levy according to its own law a tax on gains from the alienation of any property derived by an individual who is a resident of the other Contracting State and has been a resident of the first-mentioned Contracting State at any time during the five years immediately preceding the alienation of the property.

Article 15
Independent Personal Services

(1) Income derived by a resident of a Contracting State in respect of professional services or other independent activities of a similar character shall be taxable only in that State unless he has a fixed base regularly available to him in the other Contracting State for the purpose of performing his activities. If he has such a fixed base, the income may be taxed in the other Contracting State but only so much of it as is attributable to that fixed base.

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

Article 16 Employments

(1) Subject to the provisions of Article 17, 19, 20, 21 and 22, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment shall be taxable only in that State unless the employment is exercised in the other Contracting State. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other State.

(2) Notwithstanding the provisions of paragraph (1) of this Article, 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 12-month period; and

(b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other State; and

(c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other State.

(3) Notwithstanding the preceding provisions of this Article, remuneration in respect of an employment exercised aboard a ship or aircraft in international traffic may be taxed in the Contracting State of which the person deriving the profits from the operation of the ship or aircraft is a resident.

Article 17
Directors' Fees

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

Article 18
Artistes and Athletes

Notwithstanding the provisions of Articles 15 and 16, income derived by public entertainers, such as theatre, motion picture, radio or television artistes, and musicians, and by athletes, from their personal activities as such may be taxed in the Contracting State in which those activities are exercised.

Article 19
Pension, Annuities and Social Welfare Payments

(1) Subject to the provisions of paragraph (2) of Article 20:

(a) pensions and other similar payments arising in a Contracting State,

(b) 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

(c) any annuity in a Contracting State,

shall be taxable only in that Contracting State.

(2) The term "annuity" as used in this Article means a stated sum payable periodically to an individual at stated times during his life, or during a specified or ascertainable period of time, under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

Article 20
Government Service

- (1) (a) Remuneration, other than a pension, paid by a Contracting State or a political subdivision or a public community or a local authority thereof to an individual in respect of services rendered to that State or subdivision or community or authority shall be taxable only in that State.
- (b) However, such remuneration shall be taxable only in the other Contracting State if the services are rendered in that State and the individual is a resident of that State who:
- (i) is a national of that State; or
 - (ii) did not become a resident of that State solely for the purpose of rendering the services.
- (2) (a) Any pension paid by, or out of funds created by, a Contracting State or a political subdivision or a public community or a local authority thereof to an individual in respect of services rendered to that State or subdivision or community 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 16, 17 and 19 shall apply to remuneration and pensions in respect of services rendered in connection with a business carried on by a Contracting State or a political subdivision or a public community or a local authority thereof.

Article 21 Students

(1) An individual who is a resident of a Contracting State immediately before his visit to the other Contracting State and who is temporarily present in that other Contracting State solely:

(a) as a student at a university, college, school or other educational institution; or

(b) as a business, technical, agricultural or forestry apprentice; or

(c) as the recipient of a grant, allowance or award from a religious, charitable, scientific or educational organisation made for the primary purpose of study; shall not be taxed in that other Contracting State in respect of:

(i) remittances from abroad for the purpose of his maintenance, education or training;

(ii) the grant, allowance or award; and

(iii) remuneration for services rendered in that other Contracting State, provided that the services are in connection with his studies or training or the remuneration constitutes earnings reasonably necessary for his maintenance or education.

(2) The benefits under the provisions of paragraph (1) of this Article shall extend only for such period of time as may be reasonably or customarily required to effectuate the purpose of the visit, but in no event shall any individual have the benefits of the provisions of that paragraph for more than five years.

(3) An individual 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 Contracting State as a recipient of a grant, allowance or award from a religious, charitable, scientific or educational organisation made for the primary purpose of research to be carried out in a period which does not exceed two years, shall not be taxed in that first-mentioned Contracting State in respect of the grant, allowance or award.

Article 22 Teachers

A professor or teacher who visits a Contracting State for a period not exceeding two years for the purpose of teaching at a university, college, school or other educational institution in that Contracting State and who is, or was immediately before that visit, a resident of the other Contracting State shall be exempt from tax in the first-mentioned Contracting State on any remuneration for such teaching in respect of which he is subject to tax in the other Contracting State.

Article 23

Other Income

(1) Items of income of a resident of a Contracting State, wherever arising, other than income paid out of trusts and estates during the course of administration, which are not expressly mentioned in the foregoing Articles of this Convention shall be taxable only in that State.

(2) The provisions of paragraph (1) of this Article shall not apply to income, other than income from immovable property as defined in paragraph (2) of Article 7, 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 8 or Article 15, as the case may be, shall apply.

Article 24 Capital

(1) Capital represented by immovable property, as defined in paragraph (2) of Article 7, owned by a resident of a Contracting State and situated in the other Contracting State, may be taxed in that other State.

(2) Capital represented by:

(a) shares or other corporate rights, other than shares quoted on an approved Stock Exchange, deriving more than half of their value directly or indirectly from immovable property situated in a Contracting State, or

(b) an interest in a partnership or trust the assets of which derive more than half of their value from immovable property situated in a Contracting State, or from shares or other corporate rights referred to in sub-paragraph (a) above.

may be taxed in that State.

(3) Capital represented by movable property forming part of the business property of a permanent establishment which an enterprise of a Contracting State has in the other Contracting State or by movable property pertaining to a fixed base available to a resident of a Contracting State in the other Contracting State for the purpose of performing independent personal services, may be taxed in that other State.

(4) Notwithstanding the provisions of paragraph (3) of this Article, capital represented by ships or aircraft operated in international traffic and by movable property pertaining to the operation of such ships or aircraft shall be taxable only in the Contracting State of which the operator is a resident.

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

Article 25

Elimination of Double Taxation

(1) Subject to the provisions of the law of the United Kingdom regarding the allowance as a credit against United Kingdom tax of tax payable in a territory outside the United Kingdom (which shall not affect the general principle hereof):

(a) Finnish tax payable under the laws of Finland and in accordance with this Convention, whether directly or by deduction, on profits, income or chargeable gains from sources within Finland (excluding in the case of a dividend, tax payable in respect of the profits out of which the dividend is paid) shall be allowed as a credit against any United Kingdom tax computed by reference to the same profits, income or chargeable gains by reference to which the Finnish tax is computed;

(b) in the case of a dividend paid by a company which is a resident of Finland to a company which is a resident of the United Kingdom and which controls directly or indirectly at least 10 per cent of the voting power in the company paying the dividend, the credit shall take into account (in addition to any Finnish tax creditable under the provisions of sub-paragraph (a) of this paragraph) the Finnish tax payable by the company in respect of the profits out of which such dividend is paid, if at the time when the dividend is paid a company which is a resident of Finland is exempt from Finnish tax in respect of dividends received from a company which is a resident of Finland.

(2) Subject to the provisions of the law of Finland 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 or chargeable gains which, in accordance with the provisions of the Convention, may be taxed in the United Kingdom. Finland shall, subject to the provisions of sub-paragraph (b) of this paragraph, allow as a deduction from the Finnish tax of that person, an amount equal to the United Kingdom tax paid under the law of the United Kingdom and in accordance with the Convention, as computed by reference to the same income or chargeable gains by reference to which the Finnish tax is computed.

(b) Dividends paid by a company being a resident of the United Kingdom 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 a resident of Finland derives income which, in accordance with the provisions of Article 19 or Article 20, shall be taxable only in the United Kingdom, such income shall be exempt from Finnish tax; however, Finland may, in calculating the amount of tax on the remaining income of such person, take into account the exempted income.

(3) For the purposes of paragraph (1) of this Article income, profits and capital gains owned by a resident of the United Kingdom which may be taxed in Finland in accordance with this Convention shall be deemed to arise from sources in Finland.

Article 27

Non-discrimination

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

(2) The taxation on a permanent establishment which an enterprise of a Contracting State has in the other Contracting State shall not be less favourably levied in that other State than the taxation levied on enterprises of that other State carrying on the same activities.

(3) Enterprises of a Contracting State, the capital of which is wholly or partly owned or controlled, directly or indirectly by one or more residents of the other Contracting State, shall not be subjected in the first-mentioned Contracting State to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of that first-mentioned State are or may be subjected.

(4) In determining for the purpose of United Kingdom tax whether a company is a close company, the term "recognised stock exchange" shall include the Helsinki Stock Exchange.

(5) Nothing contained in this Article shall be construed as obliging either Contracting State to grant to individuals not resident in that State any of the personal allowances, reliefs and reductions for tax purposes which are granted to individuals so resident, nor as obliging the United Kingdom to grant to a company which is a resident of Finland a greater relief from United Kingdom income tax chargeable upon dividends received from a company which is a resident of the United Kingdom than the relief to which the first-mentioned company may be entitled under the provisions of Article 11 of this Convention.

(6) In this Article the term "taxation" means taxes of every kind and description.

Article 28
Mutual Agreement Procedure

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

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

(3) The competent authorities of the Contracting States shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Convention. They may also consult together to consider measures to counteract improper use of the provisions of the Conventions.

(4) The competent authorities of the Contracting States may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

Article 29

Exchange of Information

The competent authorities of the Contracting States shall exchange such information (being information which is at their disposal under their respective taxation laws in the normal course of administration) as is necessary for carrying out the provisions of this Convention or for the prevention of fraud or the administration of statutory provisions against legal avoidance in relation to the taxes which are the subject of this Convention. Any information so exchanged shall be treated as secret but may be disclosed to persons (including a court or administrative body) concerned with assessment, collection enforcement or prosecution in respect of taxes which are the subject of this Convention. No information shall be exchanged which would disclose any trade, business, industrial or professional secret or any trade process.

Article 30
Territorial Extension

(1) This Convention may be extended, either in its entirety or with modifications, to any territory for whose international relations either Contracting Party is responsible and which imposes taxes substantially similar in character to those to which this Convention applies. Any such extension shall take effect from such date and subject to such modifications and conditions, including conditions as to termination, as may be specified and agreed between the Contracting States in notes to be exchanged through diplomatic channels.

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

Article 30A
Miscellaneous rules applicable to certain offshore activities

(1) The provisions of this Article shall apply notwithstanding any other provision of this Convention where activities are carried on offshore (in this Article called "offshore activities") in connection with the exploration or exploitation of the sea bed and sub-soil and their natural resources situated in a Contracting State.

(2) An enterprise of a Contracting State which carries on offshore activities in the other Contracting State shall, subject to paragraphs (3) and (5) of this Article, be deemed to be carrying on business in that other State through a permanent establishment situated therein.

(3) The provisions of paragraph (2) of this Article shall not apply where the offshore activities are carried on in the other Contracting State for a period or periods not exceeding in the aggregate 30 days in any twelve-month period. For the purpose of this paragraph:

(a) where an enterprise of a Contracting State carrying on offshore activities in the other Contracting State is associated with another enterprise carrying on substantially similar offshore activities there, the former enterprise shall be deemed to be carrying on all such activities of the latter enterprise, except to the extent that those activities are carried on at the same time as its own activities;

(b) an enterprise shall be regarded as associated with another enterprise if one participates directly or indirectly in the management, control or capital of the other or if the same persons participate directly or indirectly in the management, control or capital of both enterprises.

(4) A resident of a Contracting State who carries on offshore activities in the other Contracting State, which consist of professional services or other independent activities of a similar character, shall be deemed to be performing those activities from a fixed base in that other State. However, income derived by a resident of a Contracting State in respect of such activities performed in the other Contracting State shall not be taxed in that other State if the activities are performed in the other State for a period or periods not exceeding in the aggregate 30 days in any twelve-month period.

(5) Profits derived by a resident of a Contracting State from the transportation of supplies or personnel by a ship or aircraft to a location where offshore activities are being carried on, or from the operation of tugboats or anchor handling vessels in connection with such activities, shall be taxable only in the Contracting State of which he is a resident.

(6) (a) Subject to sub-paragraph (b) of this paragraph, salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment connected with offshore activities in the other Contracting State may, to the extent that the duties are performed offshore in that other State, be taxed in that other State.

(b) Salaries, wages and other similar remuneration derived by a resident of a Contracting State in respect of an employment exercised aboard a ship or aircraft engaged in the transportation of supplies or personnel to a location when offshore activities are being carried on in a Contracting State, or in respect of an employment exercised aboard a tugboat or anchor handling vessel in connection with such activities, may be taxed in the Contracting State of which the person deriving the profits from the operation of the ship or aircraft is a resident.

Article 31 Entry Into Force

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

(2) The Convention shall enter into force after the expiration of thirty days following the date on which the instruments of ratification are exchanged and shall thereupon have effect:

(a) in the United Kingdom:

(i) as respects income tax (including surtax) and capital gains tax, for any year of assessment beginning on or after 6th April, 1968; and

(ii) as respects corporation tax, for any financial year beginning on or after 1st April, 1968;

(b) in Finland:

as respects Finnish taxes for any year of assessment beginning on or after 1st January, 1969, and chargeable on the income or capital of the tax year 1968 or thereafter.

(3) Subject to the provisions of paragraph (4) of this Article the Convention between the Government of the United Kingdom and the Government of Finland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income signed at London on 12th December, 1951 /1/, as amended by the Protocol signed at London on 16th June, 1966 /2/ (hereinafter referred to as "the 1951 Convention"), shall cease to have effect as respects taxes to which this Convention in accordance with the provisions of paragraph (2) of this Article applies.

- /1/ S.I. 1953/191 (1953 I, p. 852).
- /2/ S.I. 1967/164 (1967 I, p. 277).

(4) Subject to the provisions of paragraph (5) of this Article where any provision of the 1951 Convention would have afforded any greater relief from tax any such provision as aforesaid shall continue to have effect for any year of assessment or financial year or tax year beginning before the entry into force of this Convention.

(5) The provisions of sub-paragraphs (a) and (b) of paragraph (2) of this Article, of paragraph (3) of this Article and of paragraph (4) of this Article shall not apply in relation to dividends but the provisions of this Convention shall have effect, and the provisions of the 1951 Convention shall cease to be effective, in relation to dividends payable on or after the date of entry into force of this Convention.

(6) The 1951 Convention shall terminate on the last date on which it has effect in accordance with the foregoing provisions of this Article.

Article 32 Termination

This Convention shall remain in force until denounced by one of the Contracting States. Either Contracting State may denounce the Convention, through diplomatic channels, by giving notice of termination at least six months before the end of any calendar year after the year 1972. In such event, the Convention shall cease to have effect:

(a) in the United Kingdom:

(i) as respects income tax (including surtax) and capital gains tax, for any year of assessment beginning on or after 6th April in the calendar year next following that in which the notice is given;

(ii) as respects corporation tax, for any financial year beginning on or after 1st April in the calendar year next following that in which the notice is given;

(b) in Finland:

as respects Finnish tax for any tax year beginning on or after 1st January in the calendar year next following that in which the notice is given.

In witness whereof the undersigned, duly authorised thereto by their respective Governments, have signed this Convention.

Done in duplicate at London this 17th day of July, 1969, in the English and Finnish languages, both texts being equally authoritative.