

# CONVENTION BETWEEN THE KINGDOM OF SWEDEN AND THE PEOPLE'S REPUBLIC OF BULGARIA FOR THE AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL

*Prom. SG. 45/13 Jun 1989*

The People's Republic of Bulgaria and the Kingdom of Sweden led by the desire to expand and deepen to their mutual advantage the economic relations and co-operation between the two countries and aiming at the avoidance of double taxation with respect to taxes on income and on capital, have agreed as follows:

## **Personal Scope and Residence**

Art. 1

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

2. The term "resident of a Contracting State" means:

(a) in the case of Bulgaria, any individual who is a national of Bulgaria, as well as any legal person who has its head office in Bulgaria or is registered therein;

(b) in the case of Sweden, any person who under the laws of Sweden is liable to tax therein by reason of his residence, registration, place of management or any other criterion of a similar nature.

3.

(a) Where by reason of the provisions of paragraph (2) an individual is a resident of both Contracting States, then he shall be deemed to be a resident of the State with which his personal and economic relations are closer (centre of vital interests);

(b) if the State in which he has his centre of vital interests cannot be determined, the competent authorities of the Contracting States shall settle the question by mutual agreement.

4. Where by reason of the provisions of paragraph (2) 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.

## **Taxes Covered**

Art. 2

1. The existing taxes to which this Convention shall apply are:

(a) in Bulgaria:

(i) the tax on total income;

(ii) the tax on income of unmarried, widowed and divorced persons and spouses without children;

(iii) the tax on profits; and

(iv) the tax on buildings

(hereinafter referred to as "Bulgarian tax");

(b) in Sweden:

(i) the State income tax, including sailors' tax and coupon tax;

(ii) the tax on public entertainers;

(iii) the communal income tax;

(iv) the profit sharing tax; and

(v) the State capital tax

(hereinafter referred to as "Swedish tax").

2. The Convention shall also apply 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 each year notify each other of any significant changes which have been made in their respective taxation laws.

## **General Definitions**

### **Art. 3**

1. For the purposes of this Convention, unless the context otherwise requires:

(a) the term "Bulgaria" means the People's Republic of Bulgaria and, when used in a geographical sense, includes the territory over which Bulgaria exercises its State sovereignty and the continental shelf within which Bulgaria exercises sovereign rights in accordance with international law;

(b) the term "Sweden" means the Kingdom of Sweden and, when used in a geographical sense, includes the national territory, the territorial sea of Sweden as well as other maritime areas over which Sweden in accordance with international law exercises sovereign rights or jurisdiction;

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

(d) the term "person" includes an individual, a legal person and any other body of persons which is treated as an entity 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 "tax" means Bulgarian tax or Swedish tax, as the context requires;

(g) the term "international traffic" means any transport by a ship, aircraft or road vehicle operated by an enterprise of a Contracting State, except when the ship, aircraft or road vehicle is operated solely between places in the other Contracting State;

(h) the term "competent authority" means:

(i) in Bulgaria, the Minister of Finance or his authorized representative;

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

2. As regards the application of the Convention by a Contracting State any term not defined therein shall, unless the context otherwise requires, have the meaning which it has under the law of that State concerning the taxes to which the Convention applies.

## **Place of Business**

### **Art. 4**

1. For the purposes of this Convention the term "place of business" means a fixed place through which the business of an enterprise is wholly or partly carried on.

2. The term "place of business" includes especially:

(a) a place of management;

(b) a branch;

(c) a factory, workshop or shop;

(d) a commercial, tourist, transport, planning, service or any other office;

(e) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

3. A building site or construction or installation project constitutes a place of business only if it lasts more than six months.

4. The participation of a Swedish enterprise in a joint venture, set up in accordance with the Bulgarian legislation, shall be deemed to be a place of business situated in Bulgaria.

5. Notwithstanding the preceding provisions of this Art., the term "place of business" 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 solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;

(e) a stock of goods or merchandise displayed by the enterprise on a fair or exhibition, which is sold after the closing of the fair or exhibition;

(f) the maintenance of a fixed place solely for the purpose of carrying on, for the enterprise, any other activity of a preparatory or auxiliary character;

(g) the maintenance of a fixed place solely for any combination of activities mentioned in sub-paragraphs (a) -- (f), provided that the overall activity of the fixed place resulting from this combination is of a preparatory or auxiliary character.

6. Notwithstanding the provisions of paragraphs (1) and (2), where a person -- other than an agent of an independent status to whom paragraph (7) 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 place of business 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 (5) which, if exercised through a fixed place would not make this fixed place a place of business under the provisions of that paragraph.

7. An enterprise shall not be deemed to have a place of business 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.

### **Income From Immovable Property**

#### **Art. 5**

1. Income derived by a resident of a Contracting State from immovable property (including income from agriculture or forestry) situated in the other Contracting State may be taxed in that other State.

2. The term "immovable property" shall have the meaning which it has under the law of the Contracting State in which the property in question is situated.

### **Business Profits**

#### **Art. 6**

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 place of business 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 place of business.

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 place of business situated therein, there shall in each Contracting State be attributed to that place of business 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 place of business.

3. In determining the profits of a place of business, there shall be allowed as deductions expenses which are incurred for the purposes of the place of business, including executive and general administrative expenses so incurred, whether in the State in which the place of business is situated or elsewhere.

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

5. The provisions of this Art. shall apply irrespective of whether an enterprise of a Contracting State carries on business in the other Contracting State alone or together with another person or other persons, also where such other person or persons are residents of that other Contracting State.

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

### **International Transport**

#### **Art. 7**

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

2. With respect to profits derived by the air transport consortium Scandinavian Airlines System (SAS) the provisions of paragraph (1) shall apply, but only to such part of the profits as corresponds to the participation held in that consortium by AB Aerotransport (ABA), the Swedish partner of Scandinavian Airlines System (SAS).

3. The provisions of paragraph (1) shall also apply to profits from the participation in a pool, a joint business or an international operating agency.

### **Dividends**

#### **Art. 8**

1. Dividends paid by a company which is a resident of a Contracting State to a resident of the other Contracting State may be taxed in that other State.

2. However, such dividends may also be taxed in the Contracting State of which the company paying the dividends is a resident, and according to the laws of that State, but if the recipient is the beneficial owner of the dividends the tax so charged shall not exceed 10 per cent of the gross amount of the dividends.

The competent authorities of the Contracting States shall by mutual agreement settle the mode of application of this limitation.

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

3. The term "dividends" as used in this Art. 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.

4. The provisions of paragraphs (1) and (2) shall not apply if the beneficial owner of the dividends, being a resident of a Contracting State, carries on business in the other Contracting State of which the company paying the dividends is a resident, through a place of business situated therein, or performs in that other State a liberal profession from a fixed base situated therein, and the holding in

respect of which the dividends are paid is effectively connected with such place of business or fixed base. In such case the provisions of Art. 6 or Art. 12, as the case may be, shall apply.

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

## **Interest**

### **Art. 9**

1. Interest arising in a Contracting State and paid to a resident of the other Contracting State shall be taxable only in that other State if such resident is the beneficial owner of the interest.

2. The term "interest" as used in this Art. 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 Art..

3. The provisions of paragraph (1) 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 place of business situated therein, or performs in that other State a liberal profession from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such place of business or fixed base. In such case the provisions of Art. 6 or Art. 12, as the case may be, shall apply.

## **Royalties**

### **Art. 10**

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.

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 Art. 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, including data processing programmes, 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 place of business situated therein, or performs in that other State a liberal profession from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such place of business or fixed base. In such case the

provisions of Art. 6 or Art. 12, as the case may be, shall apply.

5. Royalties shall be deemed to arise in a Contracting State when the payer is that State itself, a political subdivision, a local authority 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 place of business or a fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such place of business or fixed base, then such royalties shall be deemed to arise in the State in which the place of business or fixed base is situated.

## **Capital Gains**

### **Art. 11**

1. Gains derived by a resident of a Contracting State from the alienation of immovable property referred to in Art. 5 and situated in the other Contracting State, or from the alienation of shares or similar rights in a company the assets of which consist mainly of such immovable property, may be taxed in that other State.

2. Gains from the alienation of movable property forming part of the business property of a place of business 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 a liberal profession, including such gains from the alienation of such a place of business (alone or with the whole enterprise) or of such fixed base, may be taxed in that other State.

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

4. Gains from the alienation of any property other than that referred to in paragraphs (1), (2) and (3), shall be taxable only in the Contracting State of which the alienator is a resident.

5. The provisions of paragraph (4) shall not affect the right of a Contracting State to levy, according to its law, a tax on capital gains from the alienation of shares or other similar rights derived by an individual who is a resident of the other Contracting State and has been a resident of the first-mentioned State at any time during the ten years immediately preceding the alienation of the property.

## **Liberal Profession**

### **Art. 12**

1. Income derived by a resident of a Contracting State in respect of professional services or other activities of an independent 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 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.

## **Income From Employment**

### **Art. 13**

1. Subject to the provisions of Arts 14, 16, 17 and 18 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 in any twelve months period, and

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

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

3. Notwithstanding the preceding provisions of this Art., remuneration derived in respect of an employment exercised aboard a ship, aircraft or road vehicle operated in international traffic by an enterprise of a Contracting State shall be taxable only in that State. Where a resident of Sweden derives remuneration in respect of an employment exercised aboard an aircraft operated in international traffic by the air transport consortium Scandinavian Airlines System (SAS), such remuneration shall be taxable only in Sweden.

4. Notwithstanding the preceding provisions of this Art., 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 during the first three years of the employment in that State if:

(a) the employment is exercised at a non-commercial tourist, travel or culture representation, or as a journalist or a press, radio or television correspondent; and

(b) the remuneration is paid by an employer who is a resident of the first-mentioned State; and

(c) in the case of remuneration paid to a journalist or a press, radio or television correspondent, the remuneration is not borne by a place of business which the employer has in the other State.

### **Directors' Fees**

#### **Art. 14**

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 the administrative or control Council of a company which is a resident of the other Contracting State may be taxed in that other State.

### **Artistes and Athletes**

#### **Art. 15**

1. Notwithstanding the provisions of Art.s 12 and 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 State.

2. Where income in respect of personal activities exercised by an entertainer or an athlete in his capacity as such accrues not to the entertainer or athlete himself but to another person, that income may, notwithstanding the provisions of Art.s 6, 12 and 13, be taxed in the Contracting State in which the activities of the entertainer or athlete are exercised.

3. Where the activities mentioned in paragraphs (1) and (2) are performed within the framework of a cultural exchange between the Contracting States or supported by public funds in the Contracting State of which the entertainer or athlete is a resident, income derived from such activities

shall be taxable only in that State.

### **Pensions, Annuities and Similar Payments**

#### **Art. 16**

1. Subject to the provisions of paragraph (1) of Art. 17, pensions and other similar remuneration paid to a resident of a Contracting State shall be taxable only in that State.

2. Notwithstanding the provisions of paragraph (1), disbursements under the Social Security legislation of a Contracting State and annuities arising in a Contracting State shall be taxable only in that State.

3. The term "annuity" means a stated sum payable periodically at stated times during life or during a specified or ascertainable period of time under an obligation to make the payments in return for adequate and full consideration in money or money's worth.

### **Governmental Functions**

#### **Art. 17**

1. Remuneration, including pensions, paid by, or out of funds created by, a Contracting State or a political subdivision or a local authority thereof to an individual in respect of services rendered to that State or subdivision or local authority thereof in the discharge of functions of a governmental nature shall be taxable only in that State.

2. The provisions of Arts 13, 14 and 16 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 local authority thereof.

### **Students and Trainees**

#### **Art. 18**

An individual who is a resident of a Contracting State and who is temporarily present in the other Contracting State for the primary purpose of

(a) studying in that other Contracting State at a university or other educational institution;

(b) securing training required to qualify him to practice a profession; or

(c) studying or doing research as a recipient of a grant or award, shall be exempt from tax in that other Contracting State in respect of:

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

(ii) remuneration for personal services performed in that other Contracting State during such year of income as the remuneration does not exceed, in the case of Sweden 60 per cent of the basic amount, and in the case of Bulgaria an amount corresponding to the tax exempt amount, according to Bulgarian law; and

(iii) the amount of such grant or award.

The benefits under sub-paragraph (ii) above shall extend only for such period of time as may be reasonably or customarily required to complete the education, training, practice or research undertaken but shall in no event exceed a period of seven consecutive years.

### **Other Income**

#### **Art. 19**

Items of income of a resident of a Contracting State, wherever arising, not dealt with in the

foregoing Art.s of this Convention shall be taxable only in that State.

## **Capital**

### **Art. 20**

1. Capital represented by immovable property referred to in Art. 5, owned by a resident of a Contracting State and situated in the other Contracting State, may be taxed in that other State.

2. Capital represented by movable property forming part of the business property of a place of business 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 a liberal profession, may be taxed in that other State.

3. Capital represented by ships, aircraft or road vehicles operated in international traffic by an enterprise of a Contracting State and by movable property pertaining to the operation of such ships, aircraft or road vehicles shall be taxable only in that State.

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

## **Elimination of Double Taxation**

### **Art. 21**

1. In Bulgaria double taxation shall be eliminated as follows:

(a) Where a resident of Bulgaria derives income or owns capital which, in accordance with the provisions of this Convention, may be taxed in Sweden, such income or capital shall be exempt from tax in Bulgaria.

(b) However, such income or capital may nevertheless be taken into account in calculating the amount of tax on the remaining income or capital of such resident.

(c) Notwithstanding the provisions of subparagraphs (a) and (b), where a resident of Bulgaria derives dividends or royalties which, in accordance with the provisions of Art. 8 or 10, may be taxed in Sweden, Bulgaria shall allow as a deduction from the tax on the income of that resident an amount equal to the tax paid in Sweden. Such deduction shall not, however, exceed that part of the tax, as computed before the deduction is given, which is attributable to such items of income derived from that other State.

2. In the case of Sweden, double taxation shall be avoided as follows:

a) Where a resident of Sweden derives income which under the laws of Bulgaria and in accordance with the provisions of this Convention may be taxed in Bulgaria, Sweden shall allow -- subject to the provisions of the laws of Sweden concerning credit for foreign tax (as it may be amended from time to time without changing the general principle hereof) -- as a deduction from the tax on such income, an amount equal to the Bulgarian tax paid in respect of such income.

(b) Notwithstanding the provisions of sub-paragraph (a), where a resident of Sweden derives income or gains which, in accordance with the provisions of Art. 6, paragraph (2) of Art. 11 or Art. 12, may be taxed in Bulgaria, Sweden shall exempt such income or gains from tax provided that the principal part of the income or gains of the place of business or fixed base arises from business activities or a liberal profession, other than the management of securities and other similar property, and such activities are carried on within Bulgaria through the place of business or the fixed base.

(c) Notwithstanding the provisions of sub-paragraph (a), dividends paid by a company being a resident of Bulgaria to a company being a resident of Sweden shall be exempt from Swedish tax to the extent that the dividends would have been exempt under Swedish law if both companies had been Swedish companies.

(d) Where a resident of Sweden derives income which, in accordance with the provisions of paragraph (2) of Art. 16 or Art. 17, shall be taxable only in Bulgaria, or income or gains which in accordance with sub-paragraph (b) of this paragraph shall be exempt from Swedish tax, Sweden may take such income or gains into account when determining the graduated rate of Swedish tax.

(e) Where a resident of Sweden owns capital which, in accordance with the provisions of this Convention, may be taxed in Bulgaria, Sweden shall allow as a deduction from the tax on the capital of that person, an amount equal to the capital tax paid in Bulgaria.

The deduction shall not, however, exceed that part of the capital tax, as computed before the deduction is given, which is appropriate to the capital which may be taxed in Bulgaria.

## **Non-discrimination**

### **Art. 22**

1. Individuals who are nationals of a Contracting State and legal persons established under the laws 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 such individuals and legal persons of that other State in the same circumstances are or may be subjected. This provision shall, notwithstanding the provisions of Art. 1, also apply to persons who are not residents of one or both of the Contracting States.

2. The taxation on a place of business 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.

This provision shall not be construed as obliging a Contracting State to grant to residents of the other Contracting State any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

3. 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. Similarly, any debts of an enterprise of a Contracting State to a resident of the other Contracting State shall, for the purpose of determining the taxable capital of such enterprise, be deductible under the same conditions as if they had been contracted to a resident of the first-mentioned State.

4. The provisions of this Art. shall, notwithstanding the provisions of Art. 2, apply to taxes of every kind and description.

## **Mutual Agreement Procedure**

### **Art. 23**

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 Art. 22, to that of the Contracting State of which he is a national or, in the case of a legal person, to that of the Contracting State under the laws of which it is established. 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 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 Convention. They may also consult together for the elimination of double taxation in cases not provided for in the Convention.

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

### **Exchange of Information**

#### **Art. 24**

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.

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).

### **Members of Diplomatic Missions and of Consular Posts**

#### **Art. 25**

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

### **Entry Into Force**

#### **Art. 26**

1. The Contracting States shall notify each other when the constitutional requirements for the entry into force of this Convention have been complied with.

2. The Convention shall enter into force on the date of the latter of the notifications referred to in paragraph (1) and its provisions shall have effect:

(a) in respect of income derived on or after 1st January next following the year in which the Convention enters into force;

(b) in respect of capital which is held in or after the calendar year next following that in which

the Convention enters into force.

### **Termination**

#### **Art. 27**

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

In such event the Convention shall cease to have effect in respect of income derived on or after 1st January next following the year in which such notice is given and in respect of capital which is held in or after the calendar year next following that in which such notice is given.

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

Done at Sofia, this 21st day of June 1988, in duplicate in the English language.

**FOR THE PEOPLE'S REPUBLIC OF BULGARIA:**

Ljuben Gotsev

**FOR THE KINGDOM OF SWEDEN:**

Torsten Orn