



# **Public Information Bulletin**

INLAND REVENUE DEPARTMENT, HEAD OFFICE, P.O. BOX 2198, WELLINGTON, TELEPHONE: 721 032

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**DOUBLE TAXATION CONVENTION  
WITH THE KINGDOM OF DENMARK**

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## PART I – INTRODUCTION

The text of the Convention has been published as a schedule to an Order-in-Council (S.R. 1981/108) which was recently distributed to district offices. It is available to the public from Government Bookshops.

The Convention entered into force on 22 June 1981 with effect in New Zealand from the income year beginning on 1 April 1981. In Denmark it takes effect from 1 January 1981.

The Convention is generally drafted in accordance with the 1977 OECD Model Double Taxation Convention.

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## PART II – NOTES ON THE CONVENTION ARTICLE BY ARTICLE

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### Article 1 – Personal Scope

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The Convention applies to persons who are **residents** of one or both of the Contracting States. In this context the term “persons” includes a company.

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### Article 2 – Taxes Covered

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In Denmark the Convention covers income taxes imposed by the State and Municipalities. With regard to New Zealand the Convention covers income tax and excess retention tax. Paragraph (a) of the Protocol confirms that the bonus issue tax in New Zealand is not subject to the Convention.

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### Article 3 – General Definition

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#### (1) “National”: Paragraph (1)(f)

The term “national” is used in paragraph 2(c) and 2(d) of Article 4 in determining residence status. It is also used in Article 19 Government Service.

In New Zealand the term covers any individual who is a New Zealand citizen.

In Denmark the term covers any individual who is a Danish citizen.

#### (2) Undefined Terms: Paragraph 4

This is a standard provision. Where a term is not defined it has the meaning applicable under the domestic law of the country applying the Convention.

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### Article 4 – Resident

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- (1) Paragraph 1 defines the meaning of the term “resident of a Contracting State” (i.e., for the purposes of Article 1). In effect the defined term is a reference to the domestic law of each country. Whenever the term is used in the Convention, the residence of the taxpayer must first be determined in accordance with this Article.
- (2) Paragraph 2 sets out the tests to be applied to solve the problem of a dual resident individual. Dual residence arises when a taxpayer is resident in both countries by virtue of the domestic law of each country. The paragraph gives preference to the country in which the individual has a permanent home available to him. This criterion will frequently be sufficient to solve the conflict, e.g., where the individual has a permanent home in one country and has only stayed a certain length of time in the other country. See also paragraph (4) below.
- (3) Paragraph 3 sets out the rule to determine the case of a company or other legal person which is resident in both countries. Residence will be where the place of effective management of the enterprise is situated. In this respect New Zealand views the term “effective management” as meaning the practical day to day management, irrespective of where the overriding control is exercised.

- (4) In applying the tests to dual residents it should be remembered that these tests apply only for the purposes of the tax convention. If the person resident in New Zealand (domestic law test) becomes for the purposes of the Convention a “Resident of Denmark” after the tests have been applied, this does not mean that he is a non-resident for all purposes of New Zealand tax law. For example he can never be subject to non-resident withholding tax, the reason being that although he is treated as a non-resident for certain purposes of the Convention, he is still a resident under the New Zealand Income Tax Act. What it does mean is that he is entitled to any benefits granted by the Convention to a “Resident of Denmark”. Thus, although not subject to withholding tax on, for example, New Zealand royalty income, the royalty income would be subject to New Zealand income tax and he would still qualify for the 10 percent limitation in the Convention.

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#### Article 5 – Permanent Establishment

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This Article defines the term “permanent establishment”. This concept determines the right of a Contracting State to tax the profits of an “enterprise of the other Contracting State”. Due to the inclusion of the words “includes especially” in paragraph 2, the examples cited as constituting a permanent establishment are by no means exhaustive.

The definition of “permanent establishment” is fairly standard and the following points should be noted:

- Para. 3                    A building site or construction or installation project constitutes a permanent establishment if it lasts for more than 12 months.
- Para. 5(a)                An enterprise shall be deemed to have a permanent establishment if it carries on for more than 12 months supervisory activities in connection with a building site or construction or installation project.
- Para. 5(b)                An enterprise shall be deemed to have a permanent establishment if it carries on for more than 12 months activities in connection with the exploration or exploitation in the sea-bed and subsoil and their natural resources. In this context “activities” includes the activities of supply ships and deep sea divers.

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#### Article 6 – Income from Immovable Property

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This Article recognises the internationally accepted practice in relation to income from land or landed property. The Article also applies to such items as rents, natural resource royalties, farming profits, etc. The principle of the Article is that income from “immovable property” is not defined in our general law but the Article provides an extensive definition. Ships and aircraft are specifically excluded from the term “immovable property”.

The Article involves no change in current practice in relation to the income covered, i.e., our domestic law applies.

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#### Article 7 – Business Profits

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This Article is in many respects a continuation of, and a corollary to, Article 5 on the definition of the concept of permanent establishment. Under Article 7 a Contracting State cannot tax the profits of an enterprise of the other Contracting State unless it carries on its business through a permanent establishment situated therein. If a permanent establishment exists the Article goes on to lay down a set of rules by reference to which are to be calculated the profits of the permanent establishment.

Before dealing with the salient features of the Article some comment is warranted on the importance of paragraph 7. This is because reference to this Article and Article 5 will not always be necessary to determine the liability of specific types of income. In effect paragraph 7 gives first preference to the other Articles in the Convention. It follows that this Article will only be applicable to business profits which do not belong to the categories of income covered by the special Articles, and in addition, to dividends, interest and royalties which specifically come within the circumstances detailed in paragraphs 4 of Articles 10, 11 and 12, and consequently fall within Article 7.

- (1) Paragraph 1 expresses the general rule that profits are taxable only in the country of residence unless the enterprise is engaged in business in the other country through a permanent establishment, in which case the other country may tax the profits of the permanent establishment.

It is important to note that only income attributable **directly** to the permanent establishment's operations can form part of the establishment's operations. This does not mean that income which is not directly attributable to the establishment's operations escapes liability for tax (see para. (2) above). For example, the restriction on the rate of tax imposed by paragraph 2 of Articles 10, 11 and 12, which concern dividend, interest and royalty payments respectively, would still apply if such income did not arise from the permanent establishment's operations.

- (2) Paragraph 2 contains the normal provision enabling arm's-length profits to be attributed to the permanent establishment if necessary.
- (3) Paragraph 3 merely expresses the taxpayer's right to deduct from the profits of the permanent establishment the expenses incurred for the purposes of the permanent establishment even if those expenses are incurred outside the country where the permanent establishment is situated.
- (4) Paragraph 4 provides that where the profits to be attributed to a permanent establishment are determined, not on the basis of separate accounts or by making an estimate of arm's-length profit, but simply by apportioning the total profits of the enterprise by reference to various formulae then such a method may continue to be employed provided it has been customary to adopt such a practice. Such a method differs from those envisaged in paragraph 2 of Article 7, since it contemplates not an attribution of profits on a separate enterprise footing, but an apportionment of total profits. However, in general the profits to be attributed to a permanent establishment should be determined by reference to the establishment's accounts if these reflect the real facts. A method of allocation which is based on apportioning total profits is generally not as appropriate as a method which has regard only to the activities of the permanent establishment and should be used only where it has as a matter of history been customary in the past and is accepted by the Department and taxpayer as being satisfactory.
- (5) Paragraph 5 precludes the attribution of profits to a permanent establishment by reason of merely purchasing activities carried on by the permanent establishment for the enterprise.
- (6) Paragraph 6 provides that unless there are good and sufficient reasons to the contrary the profits attributed to a permanent establishment must be determined by the same method each year.
- (7) Paragraph 7: refer to second paragraph of preamble above.
- (8) In terms of paragraph (b) of the Protocol income from the business of any form of insurance is not subject to the provisions of this Article. Such income may be taxed in accordance with the domestic law of each country.

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**Article 8 – Shipping and Air Transport**

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- (1) Under this Article profits from operating ships or aircraft in "international traffic" – defined in Article 3(1)(g) are to be taxed only in the country of residence of the enterprise. International shipping and aircraft profits include income from:
  - (a) carriage of passengers and cargo;
  - (b) sale of passenger tickets on behalf of other enterprises;
  - (c) commercial advertising;
  - (d) charter fees (but refer paragraph (3) below).
- (2) Due to the definition of "international traffic" exemption does not extend to profits derived from coastal traffic. Further, investment income of shipping and air transport enterprises is subject to the treatment ordinarily applied to that class of income, e.g., dividends derived would be subject to Article 10.

- (3) Profits obtained from leasing a ship or aircraft on charter fully equipped, manned and supplied, whether or not the enterprise providing the ship or aircraft actually owns them, would be treated as profits from the operation of a ship or aircraft. However, the Article does not extend to profits from leasing a ship or aircraft on a bare boat charter basis **except** when it is an occasional source of income for an enterprise engaged in the international operation of ships or aircraft. Apart from this one exception, bare boat charter fees would normally be classified as business profits and consequently dealt with under Article 7.

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#### Article 9 – Associated Enterprises

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This is a standard Article enabling an arm's-length profit to be attributed to associated enterprises.

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#### Article 10 – Dividends

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- (1) Paragraph 1 of the Article simply states that dividends may be taxed in the State of the recipient's residence.
- (2) Paragraph 2 provides that the Contracting State from which the dividends are paid also has the right to tax, but the maximum tax that can be imposed is not to exceed 15 percent of the gross amount of the dividends. Therefore, in terms of the Convention New Zealand's taxing rights will be restricted to 15 percent of the gross dividend even though the rate under domestic law is 30 percent from 1 April 1982. The Danish tax is, however, reduced from a 30 percent domestic rate to 15 percent. In the case of New Zealand the limitation is to be achieved by withholding tax of 15 percent being deducted by companies paying the dividends to residents of Denmark.

The paragraph also allows the competent authorities to settle the mode of application of paragraph 2.

- (3) Paragraph 3 defines "dividends" for the purposes of the Article. The effect is that "dividends" has the meaning given to it by section 4 of the Income Tax Act 1976.
- (4) Paragraph 4 concerns shares which are effectively connected with a permanent establishment. The paragraph provides that in the State of source the dividends are taxable as part of the profits of the permanent establishment there owned by the recipient which is a resident of the other State, **provided** they are paid in respect of holdings forming part of the assets of the permanent establishment or otherwise effectively connected with that establishment. In effect this relieves the State of source of the dividends from the 15 percent limitations under the Article.

The rules set out above also apply where the recipient of the dividends has in the other State, for the purpose of performing any of the kinds of independent personal services mentioned in Article 14, a fixed base with which the holding in respect of which the dividends are paid is effectively connected.

Up until 1 April 1982 these qualifications had no effect on the New Zealand tax position because our domestic law provided for a 15 percent final withholding tax in all cases on the gross payment and no convention can extend the taxing rights under domestic law. However, in view of the change in the New Zealand domestic law from 1 April 1982 the New Zealand tax on dividends paid in respect of shares effectively connected with a permanent establishment will be 30 percent.

- (5) Paragraph 5: The main effect of this paragraph is that it restricts the application of taxes on undistributed profits. For example, New Zealand cannot impose excess retention tax on a private controlled company which is a "resident of Denmark".
- (6) Under paragraph 6 New Zealand resident individuals receiving dividends from Danish companies are entitled to the imputation tax credit equivalent to the credit available to Danish residents under their imputation system of taxing dividends. The effect of this is that the qualifying New Zealand resident shareholders receive, in addition to the dividend, a payment from the Danish Government, currently equal to 15 percent of the dividend. The aggregate payment of the dividend and imputation tax credit is subject to Danish withholding tax at the rate of 15 percent. In New Zealand the amount of the imputation credit is, along with the dividends, regarded as assessable income in the hands of the New Zealand resident individual. A tax credit for Danish tax paid is allowable up to 15 percent of the aggregate payment. According to pending proposals in Denmark the imputation tax credit is to be increased from 15 to 25 percent of the dividend.

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**Article 11 – Interest**


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- (1) Paragraph 1 affirms the taxing right of the State in which the recipient of the interest is a resident.
- (2) Paragraph 2 also affirms the taxing right of the State in which the interest arises, but the maximum tax that can be imposed is not to exceed 10 percent of the gross amount of the interest. New Zealand's tax is therefore limited to 10 percent on gross interest paid to residents of Denmark instead of the usual 15 percent. The paragraph also allows the competent authorities to settle the mode of application of the limitation.
- (3) Paragraph 3 defines "interest" for the purposes of the Article. Penalty charges are excluded from the term as is income which would, because of a State's domestic law, be classified as a dividend. Therefore, in New Zealand, for example, interest received by debenture holders under debentures to which section 192 or 195 of the Income Tax Act 1976 applies would be dealt with under the dividend Article.
- (4) Paragraph 4 provides that in the State of source interest is taxable as part of the profits of the permanent establishment there owned by a resident of the other State, **provided** the interest is paid in respect of debt-claims forming part of the assets of the permanent establishment or otherwise effectively connected with that establishment. In effect this paragraph relieves the State of source of the interest from any limitation under the Article.

The rules set out above also apply where the recipient of the interest has in the other State, for the purpose of performing any of the kinds of independent personal services mentioned in Article 14, a fixed base with which the debt-claim in respect of which the interest is paid is effectively connected.

These qualifications tie in with the New Zealand domestic law which provides that if a non-resident has a fixed establishment in New Zealand, then interest derived is not subject to non-resident withholding tax but is to be assessed on an annual basis. (Section 310 of the Income Tax Act 1976.)

- (5) Paragraph 5 is a source rule and precludes argument as to the source of the interest.

The paragraph deals with interest arising through a permanent establishment or fixed base. Where a loan was contracted for the requirements of that establishment and the interest is borne by the latter, the paragraph determines that the source of the interest is in the Contracting State in which the permanent establishment is situated, leaving aside the place of residence of the owner of that establishment or base.

- (6) Paragraph 6 is an anti-avoidance provision to ensure that only a reasonable interest payment is taxed at the reduced rate specified in the Convention.

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**Article 12 – Royalties**


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- (1) Paragraph 1 affirms the taxing right of the State in which the recipient of the royalties is a resident.
- (2) Paragraph 2 also affirms the taxing right of the State in which the royalties arise, but the maximum tax that can be imposed is not to exceed 10 percent of the gross amount of the royalties. New Zealand's tax is therefore limited to 10 percent on gross royalties paid to residents of Denmark instead of the usual 15 percent. The paragraph also allows the competent authorities to settle the mode of application of the limitation in paragraph 2.
- (3) Paragraph 3 defines "royalties" for the purposes of the Article. The term includes lump sum payments and certain rents. However, variable or fixed payments for the working of mineral deposits or other natural resources do not fall within the defined term as they are governed by Article 6.

It should be noted that if a payment is made in the form of rent rather than on a royalty basis and the payment comes within the term "royalties", as defined in the Convention, then the 10 percent maximum on gross applies. However, rental payments do not constitute royalties under our domestic law and there is, therefore, no non-resident withholding tax applicable. Payments of this nature will be subject to an annual assessment on the net amount after expenses and if the tax so levied exceeds 10 percent of the gross rental, a rebate will be given by virtue of the Convention to bring the tax down to 10 percent of gross.



- (4) Paragraph 4 provides that in the State of source royalties are taxable as part of the profits of the permanent establishment there owned by the recipient which is a resident of the other State, **provided** the knowledge, information, assistance, right or property in respect of which the royalties are paid is effectively connected with that establishment. In effect this relieves the State of source of the royalties from the 15 percent limitation under the Article.

The rules set out above also apply where the recipient of the royalties has in the other State, for the purpose of performing any of the kinds of professional services mentioned in Article 14, a fixed base with which the knowledge information, assistance, right or property in respect of which the royalties are paid is effectively connected.

The comments relating to paragraph 4 of the dividend Article apply equally here except that New Zealand's domestic law in relation to royalties provides for a withholding tax rate of 15 percent final on copyright (cultural) royalties or where the aggregate annual royalty payments do not exceed \$1,000, and minimum final in all other cases.

- (5) Paragraphs 5 and 6: The comments to paragraphs 5 and 6 respectively of the Interest Article apply equally here.

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### Article 13 – Alienation of Property

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- (1) Paragraph 1 concerns income or gains derived from the alienation of **immovable** property. Income from such alienation may be taxed in the State where the property is situated. For example if a resident of Denmark sells at a profit immovable property situated in New Zealand the profit can be taxed in New Zealand if the New Zealand domestic law permits that taxation.
- (2) Paragraph 2 deals with income or gains derived from the alienation of **personal** property forming part of the business property of a permanent establishment or pertaining to a fixed base used for the performing of independent personal services. This may be taxed in the State where the permanent establishment or fixed base is situated.
- (3) Paragraph 3 provides that income or gains from the alienation of ships or aircraft operated in international traffic are taxable only in the State of residence of the enterprise.
- (4) Paragraph 4 stipulates that any income or gains from any property not covered by the Article is to be taxable only in the State which the alienator is a resident.

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### Article 14 – Independent Personal Services

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- (1) This Article concerns income from professional personal services (i.e., independent personal services) as distinct from income from dependent personal services (e.g., remuneration such as salary or wages) which is dealt with separately under Article 15. Under paragraph 1 income from independent personal services is taxable only in the State of residence **unless** the services are performed in the other State and the recipient of the income:
- is present in the other State for a period or periods in an income year exceeding in the **aggregate** 183 days, or
  - has a fixed base regularly available to him in the other State for the purpose of performing his activities.

If either of the above exceptions applies the State in which the services are performed also has the right to tax the income therefrom.

The term “fixed base” is intended to cover a centre of activity of a fixed or permanent character, for instance a doctor's consulting room or the office of an architect or lawyer.

- (2) The Article does not apply to artistes or athletes which are dealt with under Article 17.

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**Article 15 - Dependent Personal Services**

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- (1) Paragraph 1 states the general rule that personal services performed by a resident of one of the Contracting States may be taxed in that other Contracting State, only if the services are performed in that other Contracting State.
- (2) Paragraph 2 states the case where exemption will be given by the State visited. The main requirements are that:
  - the recipient of the income is present in the State visited for a period or periods in an income year which does not exceed in the aggregate 183 days; and
  - the remuneration is paid by an employer not resident in that State; and
  - the remuneration is not connected with the activities of a permanent establishment or fixed base which the employer has in that State.

When a visitor from Denmark undertakes employment in New Zealand, New Zealand PAYE tax will be required to be deducted from the remuneration paid but will be refunded at the time of departure provided the requirements of the Article are fully met. In this respect a certificate must be obtained, by the person seeking exemption, from the Danish tax authorities which certifies that that person is a resident of Denmark for the purposes of Danish tax.

- (3) Paragraph 3 provides that remuneration derived from employment aboard a ship or aircraft operating in international traffic may be taxed in the State of residence of the shipping or airline enterprise. This means that if the enterprise is a resident of Denmark then Denmark has the right to tax the remuneration derived by the employee. New Zealand would allow credit for any Danish tax on such remuneration if derived by a New Zealand resident.

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**Article 16 – Directors' Fees**

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This Article allows the State in which the company paying the fees or other similar payments is resident to have the right to tax such income. The income may also be taxed in the country of residence which would therefore have to allow credit for tax paid in the country of source.

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**Article 17 – Artistes and Athletes**

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- (1) Paragraph 1 enables the State in which the entertainer or athlete is performing the services to tax the income derived from these personal activities.
- (2) Paragraph 2 deals with the situation where income for the performance of an entertainer or athlete is not paid or paid in full to the entertainer or athlete himself but to an enterprise providing the services of the entertainer or athlete. The paragraph permits the State in which the performance is given to impose a tax on the profits diverted from the income of the entertainer or athlete to the enterprise where for instance the entertainer or athlete has control over or rights to the income thus diverted or has obtained or will obtain some benefit directly or indirectly from that income. Without this paragraph the State where the services are being performed would in such cases, be unable to tax:
  - (a) because it would not be personal service income to the entertainer, and
  - (b) in the absence of a permanent establishment the payments could not be taxed as business profits in the hands of the other person.

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**Article 18 – Pensions**


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- (1) Paragraph 1 gives the State of residence exclusive right to tax pensions where they are paid in consideration of past employment. However, this rule is subject to Article 19(2) wherein Government pensions paid in respect of services rendered are taxed exclusively in the State of source but if the recipient is a resident and a national of the other State the pensions are taxable on a residence basis. (See definition of “national” in Article 3.) This means that a Danish Government pension paid to a resident of New Zealand is taxed only in Denmark and exempt in New Zealand unless the recipient is also a national of New Zealand in which case the pension is taxed only in New Zealand and exempt in Denmark.
- (2) Paragraph 2 states that social security pensions are taxable only in the State paying the pensions, i.e., State of source.

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**Article 19 – Government Service**


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- (1) This Article deals with remuneration paid to an individual in respect of services rendered to a State or political subdivision or local authority thereof.
- (2) Paragraph 1 provides for two situations:
- Remuneration paid by a State in respect of services rendered to it by an individual shall be taxable only by that State, i.e., country of origin of the payment.
  - However, such remuneration is taxable only in the country where the services are performed provided the services are performed there:
    - (i) by an individual who is a resident and also a national of that country, or
    - (ii) by an individual who is a resident of that country and did not become a resident of that country solely for the purpose of performing those services.

The second situation can be illustrated as follows.

Remuneration paid by the Danish Government for services rendered in New Zealand by an individual who is a resident and national of New Zealand shall be taxed exclusively in New Zealand. This is still the position even though the individual, although a national of New Zealand, did become a resident of New Zealand for the purposes of rendering those services for the Danish Government.

- (3) Paragraph 2 deals with Government pensions. (See explanation to Article 18 in this Bulletin.)
- (4) Paragraphs 1 and 2 do not apply if the services are performed in connection with business carried on by the State, or one of its political subdivisions or local authorities, paying the remuneration. Under paragraph 3 the ordinary rules apply: Article 15 for wages and salaries, Article 16 for directors' fees and Article 18 for pensions. Article 17 is not mentioned because paragraphs 1 and 2 of Article 19 are to apply to remuneration paid to artistes employed by the State irrespective of whether such artistes could be said to be rendering services in connection with business carried on by the State.

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**Article 20 – Students**

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This Article exempts from New Zealand tax maintenance, education or training payments received here from overseas by a student or business apprentice from Denmark. Note:

- The student or apprentice must have been a resident of Denmark immediately before he comes to New Zealand.
- He must be in New Zealand solely for the purpose of his education or training.
- The payments must be made from sources outside in New Zealand.
- There is no time limit on the period spent in New Zealand.
- The exemption is restricted to the payments mentioned, i.e., for maintenance.

The converse applies to a New Zealand student or apprentice going to Denmark.

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**Article 21 – Other Income**

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- (1) This Article provides a general rule relating to income not dealt with in the other Articles of the Convention. The income concerned is not only income of a class not expressly dealt with but also income from sources not expressly mentioned. A secondary effect of the Article is to clarify the situation of income derived from a third country by a person who could be “resident in” both Denmark and New Zealand under the general laws of each country. In such a situation the taxing rights as to the third country income are allocated to the country “of” which he is a resident for the purposes of the Convention.
- (2) The effect of the Article is that income derived by a resident of New Zealand is taxed exclusively in New Zealand unless the income is derived from sources in Denmark. If the income is derived from sources in Denmark it may also be taxed there and a credit for the Danish tax is given in New Zealand, should that income be liable for New Zealand tax. The converse will apply in the case of a resident of Denmark. Cases of conflict as to residence are to be determined by reference to Article 4.
- (3) In terms of paragraph (b) of the Protocol income from the business of any form of insurance is not subject to the provisions of this Article. Such income may be taxed in accordance with the domestic law of each country.

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**Article 22 – Methods of Elimination of Double Taxation**

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- (1) This Article contains the normal rules whereby each State gives credit for the other State’s tax when assessing its residents on income derived from sources in the other State. It should be noted that the credit provisions in the Article are subject to the domestic law of each country.
- (2) Paragraph (b) is a source rule for the purposes of the Article in order to solve any dual source cases which may arise thus facilitating the allowance of a tax credit.

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**Article 23 – Mutual Agreement Procedure****Article 24 – Exchange of Information**

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These are standard Articles and require no additional comment.

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**Article 25 – Diplomatic Agents and Consular Officers**

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The aim of this Article is to ensure that diplomatic agents or consular officers shall, under the Convention, receive no less favourable treatment than that to which they are entitled under international law or under special international agreements.

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**Article 26 – Territorial Extension**

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This is a standard Article and requires no additional comment.

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**Article 27 – Entry Into Force**

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This Article provides that the provisions of the Convention will have effect in New Zealand in respect of income assessable for the income year beginning on 1 April 1981 and subsequent years. In Denmark the Convention will have effect in respect of income arising on or after 1 January 1981.

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**Article 28 – Termination**

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This Article sets out the procedure if either State wishes to terminate the Convention. Unless notice of termination is given in accordance with the Article the Convention continues indefinitely.

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**Protocol**

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The Protocol, which forms an integral part of the Convention, contains additional provisions in relation to certain Articles of the Convention.

- (1) Paragraph (a) provides that for the purposes of sub-paragraph (a) of paragraph (1) of Article 2 the bonus issue tax in New Zealand is not subject to the Convention.
- (2) Paragraph (b) provides that income from the business of any form of insurance is not subject to the provisions of Articles 7 and 21. Such income may be taxed in accordance with the domestic law of each country.
- (3) Paragraph (c) refers to the possible inclusion in the Convention of a non-discrimination article should New Zealand include such an article in any other convention.