



**INCOME TAX ACT 1970**  
**INCOME TAX (DENMARK) (DOUBLE TAXATION ARRANGEMENTS)**  
**ORDER 2008**

*Approved by Tynwald*

*12<sup>th</sup> March 2008*

*Coming into operation in accordance with article 1(2)*

In exercise of the powers conferred on the Council of Ministers by section 54 of the Income Tax Act 1970<sup>1</sup>, and of all other enabling powers, the following Order is hereby made:-

**Citation and commencement**

1. (1) This Order may be cited as the Income Tax (Denmark) (Double Taxation Arrangements) Order 2008.
- (2) This Order shall come into operation on the day on which it is approved by Tynwald.

**Information exchange arrangements**

2. (1) It is declared that the applicable arrangements have been made with the contracting country with a view to affording relief from double taxation in relation to income tax and the tax of a similar character imposed by the laws of the contracting country and it is expedient that those arrangements have effect under section 54 of the Income Tax Act 1970.

(2) In this article –

“applicable arrangements” means-

- (a) the arrangements for the avoidance of double taxation with respect to individuals contained in an agreement between the Government and the Government of Denmark signed in Oslo on 30 October 2007 and set out in Schedule 1; and
- (b) the arrangements for the avoidance of double taxation with respect to enterprises operating ships or aircraft in international traffic contained in an agreement between the Government and the Government of Denmark signed in Oslo on 30 October 2007 and set out in Schedule 2;

“contracting country” means Denmark.

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<sup>1</sup> XXI p.260

**AGREEMENT BETWEEN THE ISLE OF MAN AND  
DENMARK**

**FOR THE AVOIDANCE OF DOUBLE TAXATION ON  
INDIVIDUALS**

The Government of the Isle of Man and the Government of Denmark, desiring to supplement the Agreement for the exchange of information relating to tax matters concluded on 30<sup>th</sup> October 2007 by concluding an Agreement for the avoidance of double taxation on individuals with respect to taxes on income,

have agreed as follows:

**ARTICLE 1**  
**INDIVIDUALS COVERED**

This Agreement shall apply to individuals who are residents of one or both of the Parties.

## **ARTICLE 2**

### **TAXES COVERED**

1. The existing taxes to which the Agreement shall apply are:
  - a) in the case of the Isle of Man:

taxes on income or profit

(hereinafter referred to as "Manx tax").
  - b) in the case of Denmark:
    - (i) the income tax to the State (indkomstkatten til staten),
    - (ii) the income tax to the municipalities (den kommunale indkomstskat)

(hereinafter referred to as "Danish tax").
  
2. The Agreement shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Agreement in addition to, or in place of, the existing taxes. The competent authorities of the Parties shall notify each other of any significant changes that have been made in their taxation laws concerning individuals.

**ARTICLE 3**  
**GENERAL DEFINITIONS**

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

- (a) the term "a Party" means the Isle of Man or Denmark, as the context requires; the term "Parties" means the Isle of Man and Denmark;
- (b) the term "Isle of Man" means the island of the Isle of Man;
- (c) the term "Denmark" means the Kingdom of Denmark including any area outside the territorial sea of Denmark which in accordance with international law has been or may hereafter be designated under Danish laws as an area within which Denmark may exercise sovereign rights with respect to the exploration and exploitation of the natural resources of the sea-bed or its subsoil and the superjacent waters and with respect to other activities for the exploration and economic exploitation of the area; the term does not comprise the Faroe Islands and Greenland;
- (d) the term "competent authority" means;
  - (i) in the case of the Isle of Man, the Assessor of Income Tax or his delegate;
  - (ii) in Denmark, the Minister for Taxation or his authorized representative;

- (e) the term "enterprise" applies to the carrying on of any business;
- (f) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Party, except when the ship or aircraft is operated solely between places in the other Party.

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

## **ARTICLE 4**

### **RESIDENT**

1. For the purposes of this Agreement, the term "resident of a Party" means in respect of an individual any individual who, under the laws of that Party, is liable to tax therein by reason of his domicile, residence or any other criterion of a similar nature. This term, however, does not include an individual who is liable to tax in that Party in respect only of income from sources in that Party situated therein.

2. Where by reason of the provisions of paragraph 1 an individual is a resident in both Parties, then his status shall be determined as follows:

- a) he shall be deemed to be a resident only of the Party in which he has a permanent home available to him; if he has a permanent home available to him in both Parties, he shall be deemed to be a resident only of the Party with which his personal and economic relations are closer (centre of vital interests);
- b) if the Party 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 Party, he shall be deemed to be a resident only of the Party in which he has an habitual abode;
- c) if he has a habitual abode in both Parties or in neither of them, the competent authorities of the Parties shall settle the question by mutual agreement.

**ARTICLE 5**  
**INCOME FROM EMPLOYMENT**

1. Subject to the provisions of Articles 6, 7, 8 and 9, salaries, wages and other similar remuneration derived by a resident of a Party in respect of an employment shall be taxable only in that Party unless the employment is exercised in the other Party. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other Party.

2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a Party in respect of an employment exercised in the other Party shall be taxable only in the first-mentioned Party if:

- a) the recipient is present in the other Party for a period or periods not exceeding in the aggregate 183 days in any twelve month period commencing or ending in the fiscal year concerned, and
- b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other Party, and
- c) the remuneration is not borne by a fixed place of business through which the business is wholly or partly carried on which the employer has in the other Party.

3. Paragraph 2 of this Article shall not apply to remuneration derived by a resident of a Party in respect of an employment exercised in the other Party



and paid by, or on behalf of, an employer who is not a resident of that other Party if:

- a) the recipient renders services in the course of that employment to a person other than the employer and that person, directly or indirectly, supervises, directs or controls the manner in which those services are performed, and;
- b) those services constitute an integral part of the business activities carried on by that person.

4. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic by an enterprise of a Party, may be taxed in that Party. Where a resident of Denmark 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 Denmark.

**ARTICLE 6**  
**DIRECTORS' FEES**

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

**ARTICLE 7**  
**ARTISTES AND SPORTSMEN**

1. Income derived by a resident of a Party as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsman, from his personal activities as such exercised in the other Party, may be taxed in that other Party.

2. Where income in respect of personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman himself but to another individual or legal entity, that income may be taxed in the Party in which the activities of the entertainer or sportsman are exercised.

## **ARTICLE 8**

### **PENSIONS**

Pensions and other similar remuneration arising in a Party, payments under the social security legislation of a Party and payments under any other scheme out of funds created by a Party, may be taxed in that Party.

**ARTICLE 9**  
**GOVERNMENT SERVICE**

1. a) Salaries, wages and other similar remuneration, other than a pension, paid by a Party or a political subdivision or a statutory body or a local authority thereof to an individual in respect of services rendered to that Party or subdivision or body or authority shall be taxable only in that Party.
  - b) However, such salaries, wages and other similar remuneration shall be taxable only in the other Party if the services are rendered in that Party and the individual is a resident of that Party who did not become a resident of that Party solely for the purpose of rendering the services.
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2. The provisions of Articles 5, 6 and 7 shall apply to salaries, wages, and other similar remuneration in respect of services rendered in connection with a business carried on by a Party or a political subdivision or a statutory body or a local authority thereof.

**ARTICLE 10**  
**STUDENTS**

Payments which a student or business apprentice who is or was immediately before visiting a Party a resident of the other Party and who is present in the first-mentioned Party solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that Party, provided that such payments arise from sources outside that Party.

**ARTICLE 11**  
**ELIMINATION OF DOUBLE TAXATION**

1. In the Isle of Man double taxation shall be avoided as follows:

Subject to the provisions of the laws of the Isle of Man regarding the allowance as a credit against Manx tax of tax payable in a territory outside the Isle of Man (which shall not affect the general principle hereof);

- i) subject to the provisions of sub-paragraph iii), where a resident of the Isle of Man derives income which, in accordance with the provisions of this Agreement, may be taxed in Denmark, the Isle of Man shall allow as a deduction from the tax on the income of that resident, an amount equal to the income tax paid in Denmark;
- ii) such deduction shall not, however, exceed that part of the income tax, as computed before the deduction is given, which is attributable to the income which may be taxed in Denmark;
- iii) where a resident of the Isle of Man derives income which, in accordance with the provisions of this Agreement shall be taxable only in Denmark, the Isle of Man may include this income in the tax base, but shall allow as a deduction from the income tax that part of the income tax which is attributable to the income derived from Denmark.

2. In Denmark double taxation shall be avoided as follows:

- a) Subject to the provisions of sub-paragraph c), where a resident of Denmark derives income which, in accordance with the provisions of this Agreement, may be taxed in the Isle of Man, Denmark shall allow as a deduction from the income tax of that resident, an amount equal to the income tax paid in the Isle of Man;
- b) Such deduction shall not, however, exceed that part of the income tax, as computed before the deduction is given, which is attributable to the income which may be taxed in the Isle of Man;
- c) Where a resident of Denmark derives income which in accordance with the provisions of this Agreement shall be taxable only in the Isle of Man, Denmark may include this income in the tax base, but shall allow as a deduction from the income tax that part of the income tax which is attributable to the income derived from the Isle of Man.



## **ARTICLE 12**

### **MUTUAL AGREEMENT PROCEDURE**

1. Where an individual considers that the actions of one or both of the Parties result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the domestic law of those Parties, present his case to the competent authority of the Party of which he is a resident. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Agreement.
2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Party, with a view to the avoidance of taxation which is not in accordance with the Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Parties.
3. The competent authorities of the Parties shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Agreement.

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

## **ARTICLE 13**

### **ENTRY INTO FORCE**

1. This Agreement shall enter into force on the thirtieth day after the later of the dates on which each of the Parties has notified the other in writing that the procedures required by its law have been complied with.

2. The Agreement shall have effect:

a) in the Isle of Man:

in respect of Manx tax, on tax chargeable for any tax year beginning on or after the sixth day of April of the year next following that in which this Agreement enters into force;

b) in Denmark:

in respect of Danish tax, on tax chargeable for any tax year beginning on or after the first day of January of the year next following that in which this Agreement enters into force.

3. Notwithstanding paragraph 2 of this Article, the Agreement shall only be applicable when the Agreement signed on 30<sup>th</sup> October 2007 between the Isle of Man and Denmark for the exchange of information relating to tax matters shall have effect.

## **ARTICLE 14**

### **TERMINATION**

1. This Agreement shall remain in force until terminated by a Party. Either Party may terminate the Agreement by giving written notice of termination at least six months before the end of any calendar year. In such case, the Agreement shall cease to have effect on taxes chargeable for any tax year beginning on or after the first day of January of the year next following the end of the six months period.

2. Notwithstanding paragraph 1 of this Article, this Agreement will be terminated, without giving notice of termination, on the date of termination of the Agreement signed on 30<sup>th</sup> October 2007 between the Isle of Man and Denmark for the exchange of information relating to tax matters.

In witness whereof the undersigned being duly authorised thereto have signed this Agreement.

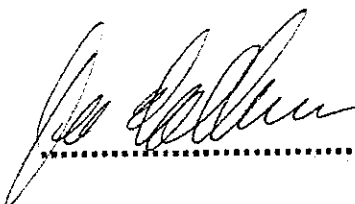
Done at Oslo, this 30<sup>th</sup> day of October 2007, in duplicate in the English language.

**FOR THE GOVERNMENT OF  
THE ISLE OF MAN:**



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**FOR THE GOVERNMENT OF  
DENMARK:**



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**AGREEMENT BETWEEN THE ISLE OF MAN AND  
DENMARK  
FOR THE AVOIDANCE OF DOUBLE TAXATION  
WITH RESPECT TO ENTERPRISES OPERATING  
SHIPS OR AIRCRAFT IN INTERNATIONAL TRAFFIC**

The Government of the Isle of Man and the Government of Denmark,  
desiring to conclude an agreement for the avoidance of double taxation with  
respect to enterprises operating ships or aircraft in international traffic,

have agreed as follows:

## **ARTICLE 1**

### **DEFINITIONS**

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

- (a) the terms "a Party" means Denmark or the Isle of Man, as the context requires; the term "Parties" means Denmark and the Isle of Man;
- (b) the term "Denmark" means the Kingdom of Denmark including any area outside the territorial sea of Denmark which in accordance with international law has been or may hereafter be designated under Danish laws as an area within which Denmark may exercise sovereign rights with respect to the exploration and exploitation of the natural resources of the sea-bed or its subsoil and the superjacent waters and with respect to other activities for the exploration and economic exploitation of the area; the term does not comprise the Faroe Islands and Greenland;
- (c) the term "Isle of Man" means the island of the Isle of Man;
- (d) the term "person" includes an individual, a company and any other body of persons;
- (e) the term "company" means any body corporate or any entity that is treated as a body corporate for tax purposes;
- (f) the term "resident of a Party" means any person, who under the law of that Party is liable to tax therein by reason of his domicile, residence, place of management, place of incorporation or any

other criterion of a similar nature;

- (g) the term "enterprise of a Party" means an enterprise, carried on by a resident of a Party;
- (h) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a Party, except when the ship or aircraft is operated solely between places in the other Party;
- (i) the term "income derived from the operation of ships or aircraft in international traffic" means revenues, gross receipts and profits derived from:
  - i) such operation of ships or aircraft for the transport of passengers or cargo;
  - ii) the rental on a charter basis of ships or aircraft where the rental is ancillary to the operation of ships or aircraft in international traffic;
  - iii) the sale of tickets or similar documents and the provision of services connected with such operation, either for the enterprise itself or for any other enterprise, where such sale of tickets or similar documents or provision of services is directly connected with or ancillary to the operation of ships or aircraft in international traffic;
  - iv) the use, maintenance or rental of containers (including trailers and related equipment for the transport of containers) used for the transport of goods or merchandise, where the use, maintenance or rental is directly connected with or ancillary to the operation of ships or aircraft in



international traffic;

v) interest on funds deposited directly in connection with the operation of ships or aircraft in international traffic;

(j) the term "competent authority" means:

i) in the case of Denmark, the Minister for Taxation or his authorised representative;

ii) in the case of the Isle of Man, the Assessor of Income Tax or his delegate.

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

**ARTICLE 2**  
**AVOIDANCE OF DOUBLE TAXATION**

1. Income derived from the operation of ships or aircraft in international traffic by an enterprise of a Party shall be taxable only in that Party.
  
2. Gains derived from the alienation of ships or aircraft or movable property pertaining to the operation of ships and aircraft in international traffic by an enterprise of a Party shall be taxable only in that Party.
  
3. The provisions of paragraphs 1 and 2 shall also apply to income and gains derived by an enterprise of a Party from the participation in a pool, a joint business or an international operating agency.

### **ARTICLE 3**

### **MUTUAL AGREEMENT PROCEDURE**

1. Where a person considers that the actions of one or both of the Parties result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the domestic law of those Parties, present his case to the competent authority of the Party of which he is a resident. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Agreement.
2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other Party, with a view to the avoidance of taxation which is not in accordance with the Agreement. Any agreement reached shall be implemented notwithstanding any time limits in the domestic law of the Parties.
3. The competent authorities of the Parties shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Agreement.
4. The competent authorities of the Parties may communicate with each other directly for the purpose of reaching an agreement in the sense of the preceding paragraphs.

**ARTICLE 4**  
**ENTRY INTO FORCE**

1. This Agreement shall enter into force on the thirtieth day after the later of the dates on which each of the Parties has notified the other in writing that the procedures required by its law have been complied with. The Agreement shall have effect on taxes chargeable for any tax year beginning on or after the first day of January of the year next following that in which this Agreement enters into force.

2. Notwithstanding paragraph 1 of this Article, the Agreement shall only be applicable when the Agreement signed on 30<sup>th</sup> October 2007 between the Isle of Man and Denmark for the exchange of information relating to tax matters shall have effect.

## **ARTICLE 5**

### **TERMINATION**

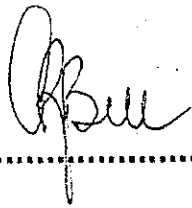
1. This Agreement shall remain in force until terminated by a Party. Either Party may terminate the Agreement by giving written notice of termination at least six months before the end of any calendar year. In such event, the Agreement shall cease to have effect on taxes chargeable for any tax year beginning on or after the first day of January of the year next following the end of the six months period.

2. Notwithstanding paragraph 1 of this Article, this Agreement will be terminated, without giving notice of termination, on the date of termination of the Agreement signed on 30 October 2007 between the Isle of Man and Denmark for the exchange of information relating to tax matters.

In witness whereof the undersigned, duly authorised thereto, have signed this Agreement.

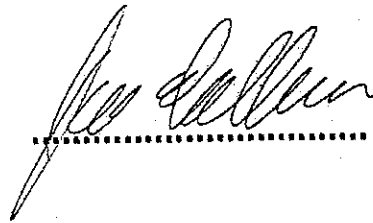
Done at Oslo, this 30<sup>th</sup> day of October, 2007, in duplicate in the English language.

**FOR THE GOVERNMENT OF  
THE ISLE OF MAN:**



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**FOR THE GOVERNMENT OF  
DENMARK:**



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Made this

6th February 2008

Mary Williams

Chief Secretary

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**EXPLANATORY NOTE**

*(This Note is not part of the Order)*

This Order is made under section 54 the Income Tax Act 1970. It implements arrangements negotiated between the Government of the Isle of Man and the Government of Denmark for the avoidance of Double Taxation with respect to individuals and enterprises operating ships or aircraft in international traffic.