

**AGREEMENT BETWEEN THE STATES OF GUERNSEY AND DENMARK  
ON THE ACCESS TO MUTUAL AGREEMENT PROCEDURES IN CONNECTION  
WITH THE ADJUSTMENT OF PROFITS OF ASSOCIATED ENTERPRISES**

The States of Guernsey and Denmark (“the Parties”), desiring to conclude an agreement on the access to mutual agreement procedures in connection with the adjustment of profits of associated enterprises,

have agreed as follows:

**ARTICLE 1  
TAXES COVERED**

This Agreement shall apply to taxes on income and profits.

**ARTICLE 2  
DEFINITIONS**

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

a) 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;

b) the term “Guernsey” means Guernsey, Alderney and Herm, including the territorial sea adjacent to those islands, in accordance with international law;

c) the term “competent authority” means:

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

ii) in the case of Guernsey, the Administrator of Income Tax or his delegate.

2. As regards the application of this 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 laws 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 3**  
**PRINCIPLES APPLYING TO THE ADJUSTMENT OF**  
**PROFITS OF ASSOCIATED ENTERPRISES**

1. Where:
  - a) an enterprise of a Party participates directly or indirectly in the management, control or capital of an enterprise of the other Party; or
  - b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a Party and an enterprise of the other Party, and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.
  
2. Where a Party includes in the profits of an enterprise of that Party – and taxes accordingly – profits on which an enterprise of the other Party has been charged to tax in that other Party and the profits so included are profits which would have accrued to the enterprise of the first-mentioned Party if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other Party shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Agreement.

**ARTICLE 4**  
**GENERAL PROVISION**

Where a Party intends to adjust the profits of an enterprise in accordance with the principles set out in Article 3, it shall in accordance with its laws inform the enterprise of the intended action in due time and give it the opportunity to inform the other enterprise so as to give that other enterprise the opportunity to inform in turn the other Party. However, the Party providing such information shall not be prevented from making the proposed adjustment.

**ARTICLE 5**  
**MUTUAL AGREEMENT PROCEDURES**

1. Where an enterprise considers that, in any case to which this Agreement applies, the actions of one or both of the Parties result or will result for it in double taxation, it may, irrespective of the remedies provided by the domestic law of the Party concerned, present its case to the competent authority of the Party of which it is a resident. The case must be presented within three years of the first notification of the action which is contrary or is likely to be contrary to the principles set out in Article 3. The competent authority shall then without delay notify the competent authority of the other Party.
  
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 6 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 calendar 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 28 October 2008 between the States of Guernsey and Denmark for the exchange of information relating to tax matters shall have effect.

## **ARTICLE 7 TERMINATION**

1. This Agreement shall remain in force until terminated by either Party. Either Party may terminate the Agreement by giving written notice of termination at least three 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 calendar year next following the end of the three 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 28 October 2008 between the States of Guernsey 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 Helsinki, this 28<sup>th</sup> day of October 2008, in duplicate in the English language.

**FOR THE STATES OF GUERNSEY:**

**FOR DENMARK:**