# TABLE OF CONTENTS

**Acknowledgements**                       vii  
**Abstract**                                ix  
**Abbreviations and Glossary**              xix

**Chapter 1: Introduction**                 1  
1.1.  Background                           1  
1.2.  Purpose and Approach                 2  
1.3.  Delimitation and Focus               6  
1.4.  Other Research and Materials         9  
1.5.  Terminological Issues                12  
1.6.  Methodology and Some Related Issues   14  
1.6.1. General                            14  
1.6.2. Comparative research               16  
1.6.3. Interpretation of Swedish tax law   18  
1.7.  Interpretation of Double Tax Conventions 23  
1.7.1. General                            23  
1.7.2. Interpretation under the Vienna Convention 24  
1.7.2.1. General                          24  
1.7.2.2. Article 31 - General rules of interpretation 24  
1.7.2.3. Article 32 - Supplementary means of interpretation 29  
1.7.2.4. Article 33 - Interpretation of treaties authenticated in two or more languages 30  
1.7.2.5. Literal interpretation in relation to the intention of the parties 30  
1.7.2.6. The relation between the state and the taxpayer 34  
1.7.2.7. Conclusions                      35  
1.7.3. The OECD MTC and its commentaries    35  
1.7.3.1. General                          35  
1.7.3.2. Practical impact of the OECD MTC and its commentaries 36  
1.7.3.3. The status of the OECD commentaries in the light of the VCLT 38  
1.7.3.4. The OECD commentaries - the intention of the parties? 44  
1.7.3.5. The OECD commentaries in Swedish case law 49  
1.7.3.6. Conclusions                      51  
1.8.  Outline                             51

**Chapter 2: The Legal Nature of Partnerships** 55  
2.1.  General                              55  
2.2.  The Partnership - Fundamental Characteristics 56  
2.2.1. General                            56  
2.2.2. Early forms of associations         56  
2.2.3. The development of limited liability corporations 57  
2.2.4. Legislation and liberalization      58  
2.2.5. Capital-oriented vs. partner-oriented entities 60  
2.2.6. Partnership - a partner-oriented business vehicle 62  
2.2.7. Partnerships in relation to other legal phenomena 63  
2.2.8. Conclusions and final remarks       66  
2.3.  Partnership - a Heterogeneous Vehicle 67  
2.3.1. General                            67  
2.3.2. General partnerships                68
2.3.2.1. Non-tax law features 68
2.3.2.2. Tax law features 72
2.3.3. Limited partnerships 75
2.3.3.1. Non-tax law features 75
2.3.3.2. Tax law features 76
2.3.4. Silent partnerships 78
2.3.4.1. Non-tax law features 78
2.3.4.2. Tax law features 80
2.3.5. Conclusions 79

Chapter 3: Taxation of Cross-Border Business Structures 83

3.1. General 83
3.2. The Concepts of Double Taxation 84
3.3. Principles on Double Tax Relief 86
3.3.1. General 86
3.3.2. Unilateral rules for double tax relief 88
3.3.3. Double tax conventions 90
3.4. Principles of Business Taxation 93
3.4.1. General 93
3.4.2. Double-tax patterns 93
3.4.2.1. Structural features and approaches 93
3.4.2.2. Cross-border integration 95
3.4.3. Single-tax patterns 98
3.4.4. The relation between single-tax and double-tax patterns in cross-border structures 101
3.4.5. Conclusions 102
Chapter 6: Swedish Approach to Double Tax Relief in Asymmetrical Situations

6.1. General

6.2. The Relation between the Swedish Interpretation Approach and Double Tax Relief in Asymmetrical Situations

6.3. The Applicability of Swedish Rules for Double Tax Relief in Asymmetrical Situations - the Alecta Case

6.3.1. General

6.3.2. Background

6.3.3. The ruling

6.3.4. Analysis of the case

6.3.5. The ruling in comparison with the OECD MTC

6.3.6. Implications for exempt conventions

6.3.7. Implications for asymmetrical situations
6.3.7.1. General 239
6.3.7.2. Identity between the taxpayers 239
6.3.7.3. Identity between the timing tax of the taxation, income and tax 241
6.4. Recognition of Partnerships in Swedish Double Tax Conventions – a Deviation from the OECD MTC 243
6.5. Conclusions and Final Remarks 247

Chapter 7: Approaches to Preventing Double Taxation in Asymmetrical Situations 251
7.1. General 251
7.2. Four Approaches 252
7.2.1. General 252
7.2.2. Elimination of residence taxation 252
7.2.3. Harmonization of partnerships and other entities 253
7.2.4. Development of classification rules that ensure Symmetry 253
7.2.5. Development of rules ensuring double tax relief in asymmetrical situations 254
7.2.6. Conclusions 255
7.3. Approaches to the Characterization of Foreign Entities 255
7.3.1. General 255
7.3.2. Who should ensure the symmetry? 256
7.3.3. The Fixed Approach 258
7.3.4. The Elective Approach 258
7.3.5. The Similarity Approach 260
7.3.6. Conclusions 262

Chapter 8: The Swedish Similarity Approach 265
8.1. General 265
8.2. Some Issues on the Taxation of Foreign Income and Persons 267
8.3. General Remarks on the Swedish Rules for Foreign Entity Classification 270
8.3.1. Background 270
8.3.2. Different Types of Foreign Entities 271
8.4. Foreign Legal Entities 272
8.4.1. General 272
8.4.2. Prerequisites 273
8.4.2.1. General 273
8.4.2.2. According to the legislation of the state in which the association is situated  
8.4.2.3. Foreign association  
8.4.2.4. Legal capacity  
8.4.2.5. Assets not at the individual members' free disposal  
8.4.2.6. Conclusions  
8.4.3. Tax treatment  
8.4.3.1. General  
8.4.3.2. Taxation of Swedish owners  
8.4.3.3. Taxation of Swedish Sources  
8.4.3.4. Conclusions  
8.5. Foreign Corporations  
8.5.1. General  
8.5.2. Prerequisites  
8.5.2.1. General  
8.5.2.2. Case one - similar taxation  
8.5.2.3. Case two - tax treaty country  
8.5.2.4. Classification of partnerships  
8.5.2.5. Conclusions  
8.5.3. Tax treatment  
8.5.3.1. General  
8.5.3.2. Taxation of Swedish owners  
8.5.3.3. Taxation of Swedish Sources  
8.5.3.4. Conclusions  
8.6. Foreign Transparent Legal Entities  
8.6.1. General  
8.6.2. Prerequisites  
8.6.2.1. Definition  
8.6.2.2. Classification of partnerships  
8.6.3. Tax treatment  
8.6.3.1. General  
8.6.3.2. Taxation of Swedish owners  
8.6.3.3. Taxation of Swedish Sources  
8.6.3.4. Conclusions  
8.7. Foreign Disregarded Entities  
8.7.1. General  
8.7.1.1. Prerequisites  
8.7.1.2. Classification of partnerships  
8.7.2. Tax treatment  
8.7.2.1. General  
8.7.2.2. Taxation of Swedish owners
8.7.2.3. Taxation of Swedish sources
8.7.2.4. Conclusions
8.8. Comments on the Swedish Similarity Approach
  8.8.1. General
  8.8.2. Initial remarks
  8.8.3. Problems regarding applicability
    8.8.3.1. Association
    8.8.3.2. Situs
    8.8.3.3. Free disposal of the entity's assets
    8.8.3.4. Quasi-transparency
  8.8.4. Structural problems
    8.8.4.1. Hybrid situations under the Swedish approach
    8.8.4.2. Reverse hybrid situations under the Swedish approach
  8.8.5. Conclusions

Chapter 9: Final Analysis
  9.1. General
  9.2. Tax-Oriented Similarity Approach
    9.2.1. General
    9.2.2. Non-discrimination Under the OECD MTC
      9.2.2.1. General remarks
      9.2.2.2. Range of applicability
      9.2.2.3. Article 24(1)- Nationality
      9.2.2.4. Article 24(3-5) - Permanent establishments, etc.
      9.2.2.5. Additional remarks
      9.2.2.6. Conclusions
  9.2.3. Distinction between source and residence taxation?
  9.2.4. Tax collection
  9.2.5. Establishing the tax treatment
  9.2.6. Internal law vs. double tax treaties
  9.2.7. Other issues
  9.3. Rules for Double Tax Relief
    9.3.1. General
    9.3.2. Symmetry for the purpose of double tax relief
    9.3.3. Recognition of lack of identity between the persons experiencing double taxation
    9.3.4. Recognition of lack of identity between the types of income and tax
    9.3.5. Recognition of timing mismatches
9.3.6. Allocation of treaty benefits 372
9.4. Final Remarks 374

References 377

Bibliography 377
Case Law 398
  Australia 398
  Germany 399
  The Netherlands 399
  Sweden 399
  The United Kingdom 400
  European Union 400
Official Documents and Publications 400
  Germany 400
  Sweden 401
  The United Kingdom 402
  European Union 402
  OECD 402
  Other 403
Statutory Legislation 403
  Australia 403
  Germany 403
  United States of America 403
  The United Kingdom 403
  Sweden 404
Webpages 404
Interviews and Lectures 404