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## EXPLANATORY NOTE

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

The Schedule to the Order contains a Protocol (“the amending Protocol”) which further amends a convention between the Government of the United Kingdom of Great Britain and Northern Ireland and the Swiss Federal Council (“the Convention”).

The Convention was scheduled to the Double Taxation Relief (Taxes on Income) (Switzerland) Order 1978 (S.I. 1978/1408) and has previously been amended by the arrangements set out in the Schedules to the Double Taxation Relief (Taxes on Income) (Switzerland) Orders of 1982 (S.I. 1982/714), 1994 (S.I. 1994/3215) and 2007 (S.I. 2007/3465) and to the Double Taxation Relief and International Tax Enforcement (Switzerland) Order 2010 (S.I. 2010/2689). The Convention has also been supplemented by the agreement specified in the Schedule to the Double Taxation Relief and International Tax Enforcement (Switzerland) Order 2012 (S.I. 2012/3079). The Order brings the amending Protocol into effect.

The Convention aims to eliminate the double taxation of income and gains arising in one country and paid to residents of the other country. This is done by allocating the taxing rights that each country has under its domestic law over the same income and gains, and/or by providing relief from double taxation. There are also specific measures which combat discriminatory tax treatment and provide for assistance in international tax enforcement. The amending Protocol continues that approach.

Article 1 provides for citation.

Article 2 makes a declaration as to the effect and content of the arrangements set out in the amending Protocol (“the Arrangements”). Amendments are made to the preamble to the Convention and the Articles of the Convention relating to general definitions, associated enterprises, dividends, interest, royalties, other income, elimination of double taxation and mutual agreement procedure. An Article relating to entitlement to benefits is added to the Convention.

The Arrangements will enter into force on the date of the later of the notifications by each country of the completion of its legislative procedures. They will take effect as follows:

- (a) in respect of the amendments made to Article 24 (Mutual agreement procedure) of the Convention by Article IX of the amending Protocol, from the date of entry into force of the amending Protocol, without regard to the taxable period to which the matter relates,
- (b) in respect of taxes withheld at source, for amounts paid or credited on or after the first day of January of the calendar year next following the date on which the amending Protocol enters into force,
- (c) in Switzerland, in respect of other taxes, for taxation years beginning on or after the first day of January of the calendar year next following the date on which the amending Protocol enters into force,
- (d) in the United Kingdom:
  - (i) in respect of income tax and capital gains tax, for any year of assessment beginning on or after the sixth day of April next following the date on which the amending Protocol enters into force, and
  - (ii) in respect of corporation tax, for any financial year beginning on or after the first day of April next following the date on which the amending Protocol enters into force.

The date of entry into force will, in due course, be published in the *London, Edinburgh and Belfast Gazettes*.

**Draft Legislation:** This is a draft item of legislation. This draft has since been made as a UK Statutory Instrument: The Double Taxation Relief (Switzerland) Order 2018 No. 627

A Tax Information and Impact Note has not been produced for the Order as it gives effect to a double taxation agreement. Double taxation agreements impose no obligations on taxpayers, rather they seek to eliminate double taxation and fiscal evasion.