

No. 53792*

**Switzerland
and
Iceland**

Convention between the Swiss Confederation and Iceland for the avoidance of double taxation with respect to taxes on income and on capital (with protocol). Bern, 10 July 2014

Entry into force: *6 November 2015 by notification, in accordance with article 28*

Authentic texts: *English, German and Icelandic*

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**Suisse
et
Islande**

Convention entre la Confédération suisse et l'Islande tendant à éviter la double imposition en matière d'impôts sur le revenu et sur la fortune (avec protocole). Berne, 10 juillet 2014

Entrée en vigueur : *6 novembre 2015 par notification, conformément à l'article 28*

Textes authentiques : *anglais, allemand et islandais*

Enregistrement auprès du Secrétariat des Nations Unies : *Suisse, 15 juillet 2016*

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[ENGLISH TEXT – TEXTE ANGLAIS]

**CONVENTION BETWEEN
THE SWISS CONFEDERATION AND
ICELAND
FOR THE AVOIDANCE OF DOUBLE TAXATION
WITH RESPECT TO TAXES ON INCOME AND ON CAPITAL**

THE SWISS FEDERAL COUNCIL

And

THE GOVERNMENT OF ICELAND

Desiring to conclude a Convention for the avoidance of double taxation with respect to taxes on income and on capital,

Have Agreed as follows:

Article 1
PERSONS COVERED

This Convention shall apply to persons who are residents of one or both of the Contracting States.

Article 2

TAXES COVERED

1. This Convention shall apply to taxes on income and on capital imposed on behalf of a Contracting State or of its political subdivisions or local authorities, irrespective of the manner in which they are levied.
2. There shall be regarded as taxes on income and on capital all taxes imposed on total income, on total capital, or on elements of income or of capital, including taxes on gains from the alienation of movable or immovable property, taxes on the total amounts of wages or salaries paid by enterprises, as well as taxes on capital appreciation.
3. The existing taxes to which the Convention shall apply are in particular:
 - a) In Iceland:
 - (i) the income taxes to the state (tekjuskattar ríkissjóðs);
 - (ii) the income tax to the municipalities (útsvar til sveitarfélaganna);
(hereinafter referred to as “Icelandic tax”);
 - b) In Switzerland, the federal, cantonal and communal taxes:
 - (i) on income (total income, earned income, income from capital, industrial and commercial profits, capital gains and other items of income); and
 - (ii) on capital (total property, movable and immovable property, business assets, paid-up capital and reserves, and other items of capital);
(hereinafter referred to as “Swiss tax”).
4. The Convention shall apply also to any identical or substantially similar taxes that are imposed after the date of signature of the Convention in addition to, or in place of, the existing taxes. The competent authorities of the Contracting States shall notify each other of any significant changes that have been made in their taxation laws.

5. The Convention shall not apply to the Federal anticipatory tax withheld in Switzerland at source on prizes in a lottery.

Article 3

GENERAL DEFINITIONS

1. For the purposes of this Convention, unless the context otherwise requires:
- a) the term “Iceland” means Iceland and, when used in a geographical sense, means the territory of Iceland, including its territorial sea, and any area beyond the territorial sea within which Iceland, in accordance with international law, exercises jurisdiction or sovereign rights with respect to the sea bed, its subsoil and its superjacent waters, and their natural resources;
 - b) the term “Switzerland” means the territory of the Swiss Confederation as defined by its laws in accordance with international law;
 - c) the term “person” includes an individual, a company and any other body of persons;
 - d) the term “company” means any body corporate or any entity that is treated as a body corporate for tax purposes;
 - e) the terms “enterprise of a Contracting State” and “enterprise of the other Contracting State” mean respectively an enterprise carried on by a resident of a Contracting State and an enterprise carried on by a resident of the other Contracting State;
 - f) the terms “a Contracting State” and “the other Contracting State” mean Iceland or Switzerland as the context requires;
 - g) the term “international traffic” means any transport by a ship or aircraft operated by an enterprise which has its place of effective management in a Contracting State, except when the ship or aircraft is operated solely between places in the other Contracting State;
 - h) the term “competent authority” means:
 - (i) in the case of Iceland, the Minister of Finance or the Minister’s authorised representative;

- (ii) in the case of Switzerland, the Head of the Federal Department of Finance or his authorised representative;”
- i) the term “national” means:
 - (i) any individual possessing the nationality of a Contracting State;
 - (ii) any legal person, partnership or association deriving its status as such from the laws in force in a Contracting State.
- j) the term “pension scheme” means any plan, scheme, fund, foundation, trust or other arrangement established in a Contracting State which is:
 - (i) regulated by and generally exempt from income taxation in that State; and
 - (ii) operated principally to administer or provide pension or retirement benefits or to earn income for the benefit of one or more such schemes.

2. As regards the application of the Convention at any time by a Contracting State 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 State for the purposes of the taxes to which the Convention applies, any meaning under the applicable tax laws of that State prevailing over a meaning given to the term under other laws of that State.

Article 4

RESIDENT

1. For the purposes of this Convention, the term “resident of a Contracting State” means any person who, under the laws of that State, is liable to tax therein by reason of his domicile, residence, place of management or any other criterion of a similar nature, and also includes that State and any political subdivision or local authority thereof. This term, however, does not include any person who is liable to tax in that State in respect only of income from sources in that State or capital situated therein. The term includes a partnership created or organised under the law of one of the Contracting States.

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