

No. 2828

**UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
and
SWITZERLAND**

**Convention for the avoidance of double taxation with respect
to taxes on income. Signed at London, on 30 Sep-
tember 1954**

Official texts: English and French.

*Registered by the United Kingdom of Great Britain and Northern Ireland on
28 April 1955.*

**ROYAUME-UNI DE GRANDE-BRETAGNE
ET D'IRLANDE DU NORD
et
SUISSE**

**Convention en vue d'éviter les doubles impositions en
matière d'impôts sur le revenu. Signée à Londres, le
30 septembre 1954**

Textes officiels anglais et français.

*Enregistrée par le Royaume-Uni de Grande-Bretagne et d'Irlande du Nord le
28 avril 1955.*

No. 2828. CONVENTION¹ BETWEEN THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND AND THE SWISS CONFEDERATION FOR THE AVOIDANCE OF DOUBLE TAXATION WITH RESPECT TO TAXES ON INCOME. SIGNED AT LONDON, ON 30 SEPTEMBER 1954

The Government of the United Kingdom of Great Britain and Northern Ireland and the Swiss Federal Council,

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

Have appointed for that purpose as their respective Plenipotentiaries :

The Government of the United Kingdom of Great Britain and Northern Ireland :

Alfred Douglas Dodds-Parker, Esquire, Parliamentary Under-Secretary of State for Foreign Affairs;

The Swiss Federal Council :

Monsieur Erwin Bernath, Swiss Chargé d'Affaires *ad interim* in London;

Who, having communicated to one another their full powers, found in good and due form, have agreed as follows :

Article I

(1) The taxes which are the subject of the present Convention are :—

(a) In the United Kingdom :

The income tax (including surtax), the profits tax and the excess profits levy (hereinafter referred to as "United Kingdom tax");

(b) In Switzerland :

The federal, cantonal and communal taxes on income (total income, earned income, income from capital, industrial and commercial profits, &c.), but not including the Federal coupon tax except where expressly mentioned (hereinafter referred to as "Swiss tax").

(2) The present Convention shall also apply to any other taxes of a substantially similar character imposed in the United Kingdom or Switzerland subsequently to the date of signature of the present Convention.

¹ Came into force on 23 February 1955, by the exchange of the instruments of ratification at Berne, in accordance with article XXII.

Article II

(1) In the present Convention, unless the context otherwise requires :—

- (a) The term “United Kingdom” means Great Britain and Northern Ireland, excluding the Channel Islands and the Isle of Man;
- (b) The term “Switzerland” means the Swiss Confederation;
- (c) The terms “one of the territories” and “the other territory” mean the United Kingdom or Switzerland, as the context requires;
- (d) The term “tax” means United Kingdom tax or Swiss tax, as the context requires;
- (e) The term “person” includes any individual, company, unincorporated body of persons, and any other entity with or without juridical personality;
- (f) The term “company” means in relation to the United Kingdom any body corporate, and in relation to Switzerland any entity with juridical personality;
- (g) The term “resident of the United Kingdom” means :
 - (i) any company or partnership whose business is managed and controlled in the United Kingdom;
 - (ii) any other person who is resident in the United Kingdom for the purposes of United Kingdom tax and not resident (by reason of domicile or sojourn) in Switzerland for the purposes of Swiss tax;
- (h) The term “resident of Switzerland” means :—
 - (i) any company or partnership (“société simple,” “société en nom collectif” or “société en commandite”) created or organised under Swiss law, if its business is not managed and controlled in the United Kingdom;
 - (ii) any other person who is resident (by reason of domicile or sojourn) in Switzerland for the purposes of Swiss tax and not resident in the United Kingdom for the purposes of United Kingdom tax;
- (i) The terms “resident of one of the territories” and “resident of the other territory” mean a resident of the United Kingdom or a resident of Switzerland, as the context requires;
- (j) The terms “United Kingdom enterprise” and “Swiss enterprise” mean respectively an industrial or commercial enterprise or undertaking carried on by a resident of the United Kingdom and an industrial or commercial enterprise or undertaking carried on by a resident of Switzerland, and the terms “enterprise of one of the territories” and “enterprise of the other territory” mean a United Kingdom enterprise or a Swiss enterprise, as the context requires;

- (k) The term “permanent establishment” means a branch, management, office, factory, workshop or other fixed place of business, and a farm, mine, quarry or other place of natural resources subject to exploitation. It also includes a place where building construction is carried on by contract for a period of at least one year, but does not include an agency unless the agent has and habitually exercises a general authority to negotiate and conclude contracts on behalf of an enterprise of one of the territories. In this connexion—
- (i) An enterprise of one of the territories shall not be deemed to have a permanent establishment in the other territory merely because it carries on business dealings in that other territory through a *bona fide* broker, general commission agent or other independent agent acting in the ordinary course of his business as such;
 - (ii) The fact that an enterprise of one of the territories maintains in the other territory a fixed place of business exclusively for the purchase of goods or merchandise shall not of itself constitute that fixed place of business a permanent establishment of the enterprise;
 - (iii) The fact that an enterprise of one of the territories has a subsidiary company which is a resident of the other territory or which is engaged in trade or business in that other territory (whether through a permanent establishment or otherwise) shall not of itself constitute that subsidiary company a permanent establishment of the enterprise of the former territory;
- (l) The term “industrial or commercial profits” includes manufacturing, mercantile, mining, farming, financial and insurance profits, and rents and royalties in respect of cinematograph films, but does not include income in the form of dividends, interest or royalties (other than cinematograph royalties) except any such income which, under the laws of one of the territories and in accordance with Article III of the present Convention, is attributable to a permanent establishment situated therein;
- (m) The term “competent authority” means, in the case of the United Kingdom, the Commissioners of Inland Revenue or their authorised representative; in the case of Switzerland, the Director of the Federal Tax Administration or his authorised representative; and in the case of any territory to which the present Convention is extended under Article XXI, the competent authority for the administration in such territory of the taxes to which the Convention applies.

(2) Where the present Convention provides that income from a source within Switzerland shall be exempt from, or entitled to a reduced rate of, tax in Switzerland if (with or without other conditions) it is subject to tax in the United Kingdom, and under the law in force in the United Kingdom the said

income is subject to tax by reference to the amount thereof which is remitted to or received in the United Kingdom and not by reference to the full amount thereof, then the exemption or reduction in rate to be allowed under the Convention in Switzerland shall apply only to so much of the income as is remitted to or received in the United Kingdom.

(3) Where under any provision of the present Convention a partnership is entitled to exemption from United Kingdom tax as a resident of Switzerland on any income, such a provision shall not be construed as restricting the right of the United Kingdom to charge any member of the partnership, being a person who is resident in the United Kingdom for the purposes of United Kingdom tax (whether or not he is also resident in Switzerland for the purposes of Swiss tax), to tax on his share of the income of the partnership; but any such income shall be deemed for the purposes of Article XV to be income from sources within Switzerland.

(4) Where under any provision of the present Convention an estate of a deceased person is entitled to exemption from United Kingdom tax as a resident of Switzerland on any income, such a provision shall not be construed as requiring the United Kingdom to grant exemption from United Kingdom tax in respect of such part of such income as goes to any heir of such estate who is not resident in Switzerland for the purposes of Swiss tax and whose share of such income is not subject to Swiss tax either in his hands or in the hands of the estate.

(5) In the application of the provisions of the present Convention by either Contracting Party any term not otherwise defined shall, unless the context otherwise requires, have the meaning which it has under the laws in force in the territory of that Party relating to the taxes which are the subject of the Convention.

Article III

(1) The industrial or commercial profits of a United Kingdom enterprise shall not be subject to Swiss tax unless the enterprise is engaged in trade or business in Switzerland through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by Switzerland, but only on so much of them as is attributable to that permanent establishment.

(2) The industrial or commercial profits of a Swiss enterprise shall not be subject to United Kingdom tax unless the enterprise is engaged in trade or business in the United Kingdom through a permanent establishment situated therein. If it is so engaged, tax may be imposed on those profits by the United Kingdom, but only on so much of them as is attributable to that permanent establishment.

(3) Where an enterprise of one of the territories is engaged in trade or business in the other territory through a permanent establishment situated therein, there shall be attributed to that permanent establishment the industrial