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Switzerland and Hong Kong initial double taxation agreement

Bern, 16.04.2010 - Switzerland and Hong Kong have concluded negotiations on a double taxation agreement (DTA), which they initialled yesterday in Bern. The administrative assistance clause according to the OECD standard is in line with the key points agreed by the Federal Council. The agreement with Hong Kong is the twenty-fourth DTA with an administrative assistance clause in accordance with the OECD standard.

Since the Federal Council decision of 13 March 2009 on extending administrative assistance in tax matters, Switzerland has started corresponding negotiations with numerous states. Since then, the Federal Council has also approved the first ten dispatches on revised DTAs with an administrative assistance clause in accordance with Art. 26 of the OECD Model Convention, and submitted them to parliament for approval.

Along with extending administrative assistance in tax matters, Switzerland has also been able to negotiate various economic benefits with these states. This policy will be pursued and further negotiations are already envisaged with important countries. Thanks to the agreement with Hong Kong, it has been possible to establish the basis for strengthening the bilateral economic relations and eliminate competitive disadvantages.

Initialling and ensuing stages before entry into force

Initialling is defined as the approval of a contractual text by appending initials. Negotiators can in this way provisionally draw up the negotiated contractual text of DTAs (and other agreements based on international law). The initialled text is at first confidential. The cantons and the business associations concerned are notified of the content in a brief report and invited to submit their comments.

The agreement is then submitted to the Federal Council, which gives authorisation for it to be signed. Once it has been signed, the agreement is published. Subsequently, the Federal Council approves a dispatch for the attention of parliament, which is responsible for approving the DTA. Once the partner state has provided its approval of the agreement, then the agreement can be ratified. This is the requirement for entry into force, although the point in time of entry into force depends upon the agreement reached.

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