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EMBASSY OF SWITZERLAND IN CHINA



1950-2015
SWITZERLAND AND CHINA
中国瑞士建交65周年

The Double Taxation Agreement between Switzerland and China

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Milestones in Sino-Swiss Economic Relations

- 1974 Bilateral Trade Agreement
- 1986 Investment Protection Treaty
- 1990 Double Taxation Agreement
- 2007 Recognition as a market economy
- 2009 Start of negotiations for an FTA
- 2009 Investment Protection Treaty (revised)
- 2013 Bilateral FTA (signature)
- 2013 Double Taxation Agreement (revised)
- 2014 SWAP Agreement between the two national banks
- 2015 (January) MoU on the establishment of a clearing bank, RQFII Quote of 50 Billion RMB
- 2015 (January) revised Double Taxation Agreement (Entry into force)
- 2015 Anniversary of diplomatic relations between the PRC and Switzerland

Purpose of a DTA



Double Taxation Treaties – an important piece in the puzzle for Swiss international competitiveness

- Effectively avoiding double taxation and avoiding conflicts regarding taxation
- Facilitate Trade & encourage investments
- Increase wealth in Switzerland and the partner state
- Application of the OECD- Standards
- Assign responsibilities for taxation of companies and individuals
- Reduce withholding tax for interest, dividends and license fees to a minimum

Figures on bilateral trade and investment

■ Bilateral Trade in Mio. CHF

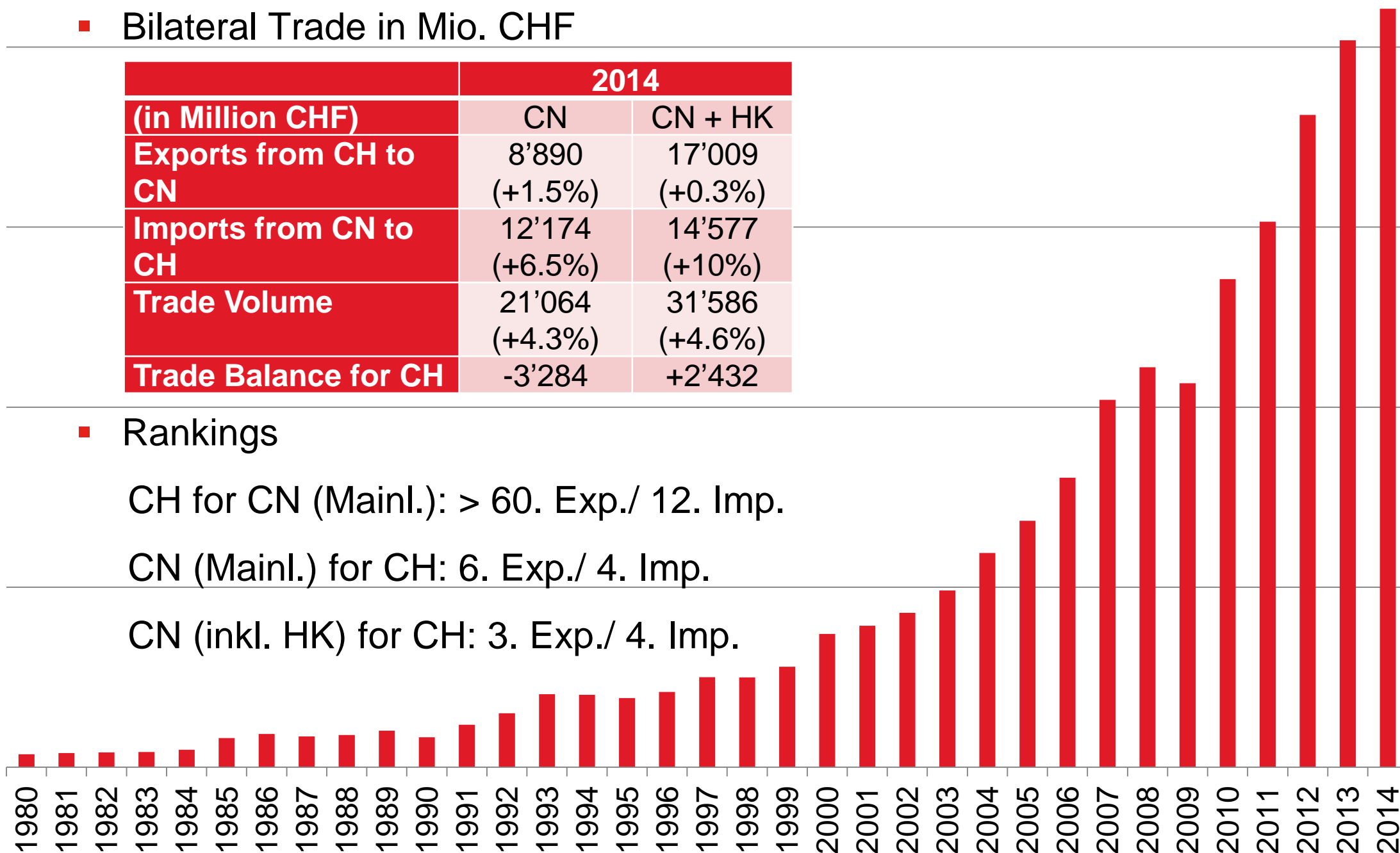
	2014	
(in Million CHF)	CN	CN + HK
Exports from CH to CN	8'890 (+1.5%)	17'009 (+0.3%)
Imports from CN to CH	12'174 (+6.5%)	14'577 (+10%)
Trade Volume	21'064 (+4.3%)	31'586 (+4.6%)
Trade Balance for CH	-3'284	+2'432

■ Rankings

CH for CN (Mainl.): > 60. Exp./ 12. Imp.

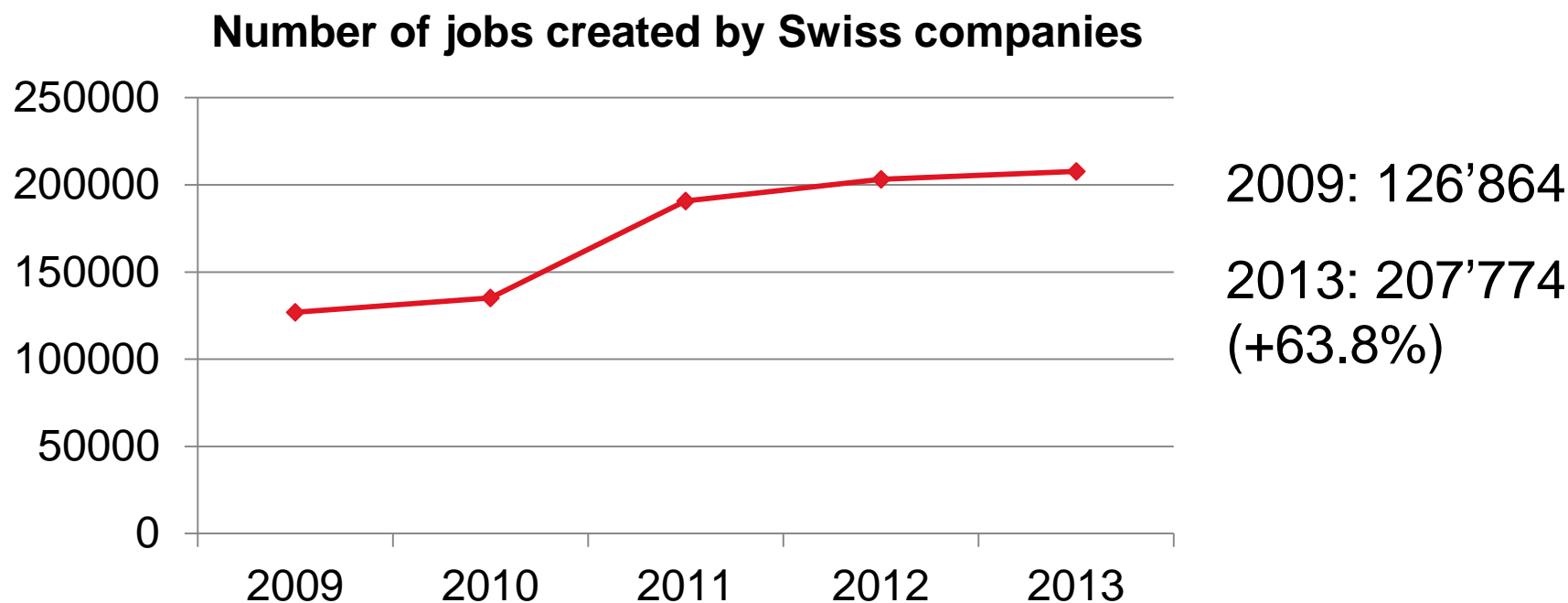
CN (Mainl.) for CH: 6. Exp./ 4. Imp.

CN (inkl. HK) for CH: 3. Exp./ 4. Imp.

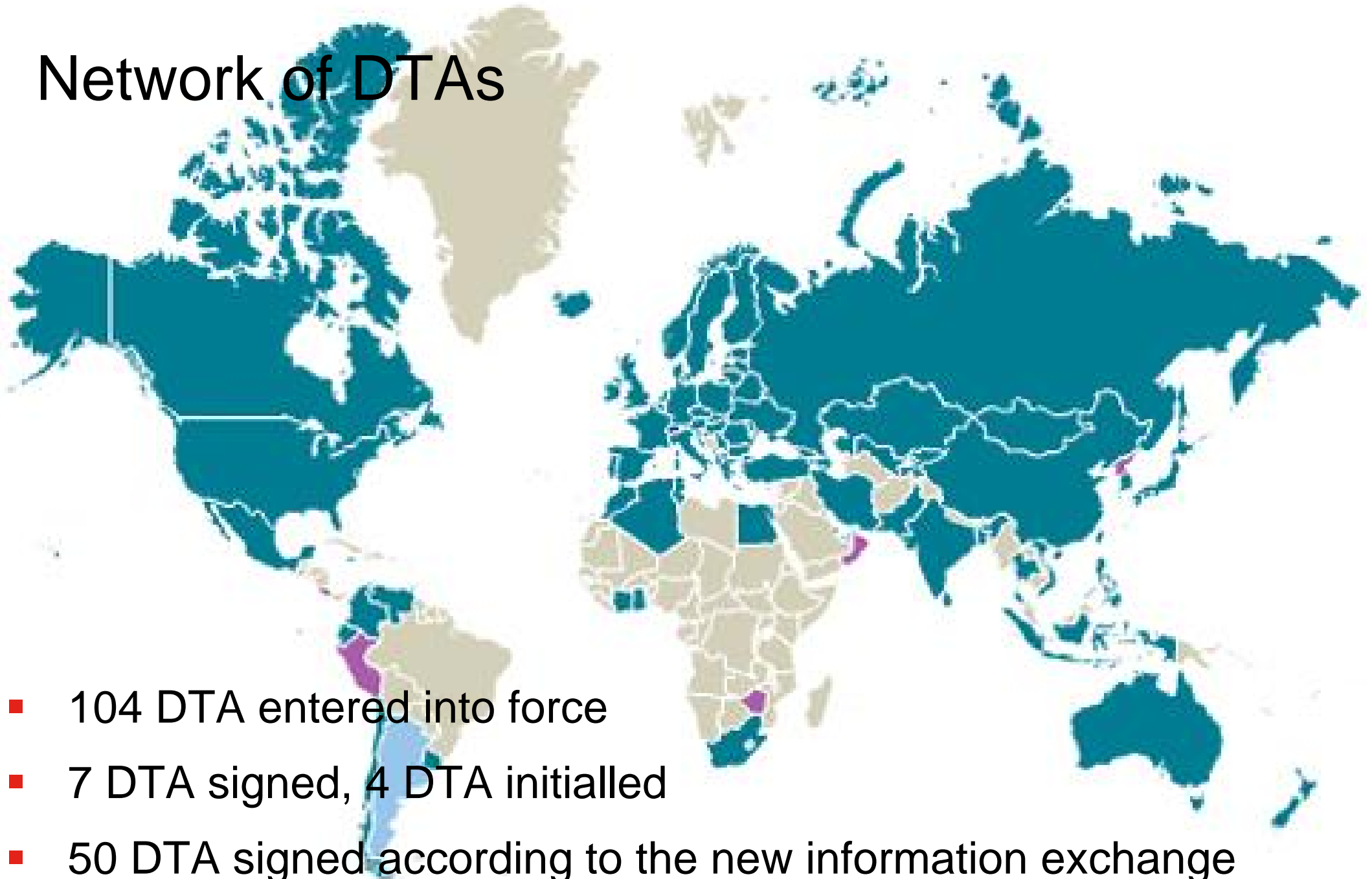


Figures on bilateral trade and investment

- Swiss investment in Mainland China in Mio. CHF (Flow/ Stock):
2012: 1'546 / 14'861 (1.3% of total investment)
2013: 1'922 / 17'039 (1.6% of total investment)
- Chinese investment in Switzerland in Mio. USD (Flow/ Stock):
2013: 128 / 297



Network of DTAs



- 104 DTA entered into force
- 7 DTA signed, 4 DTA initialled
- 50 DTA signed according to the new information exchange standard (41 entered into force)

History of Sino-Swiss DTA

- Agreement 6 July 1990: one of the first DTA of the People's Republic
- Membership of WTO in 2001
- New Corporate Tax Law 2008
- 2010 : China becomes most important trading partner of Switzerland in Asia
- China concluded agreements with more beneficial withholding tax rates
- Lack of provisions on the Chinese «business tax» and VAT of international logistics companies
- No exchange of information clause according to article 26 of OECD model convention
- DTA was ripe for revision.

Main provisions

- Reduction of withholding taxes on dividends from 10% to 5%
- Reduction of withholding taxes on license fees from 10% to 9%
- Provisions on misuse
- No «business tax» or VAT on services by Swiss maritime and aerial services
- New provisions on information exchange
- Applicability: People's Republic, without Hong Kong, Macau, Taiwan



International Cooperation in Tax Matters



- Number and diversity of International Tax issues is increasing
- Switzerland participates in international bodies to discuss international tax law and elaborate general standards
- OECD / Global Forum on Transparency and Exchange of Information
- 2009: Switzerland withdrew reservation to Art. 26 on information exchange.
- 2013 New Sino-Swiss DTA includes provision on exchange of information. Signal in favour of international cooperation and against cross-border tax crime.
- 2014 Swiss government decided to unilaterally apply the OECD standard to DTAs which have not been revised yet.
- Automatic Exchange of Information: Switzerland committed to implement by 2018.

Take-aways

- The revised DTA ..
 - Is upgraded to allow for better withholding tax rates on dividends and licence fees
 - Eliminates business tax or VAT on int'l transport services of Swiss airlines and shipping companies
 - Is in line with the Swiss policy regarding information exchange
- Further enhances the beneficial framework for bilateral trade and investment between China and Switzerland.

Thank you!

- For any questions:
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