AGREEMENT

BETWEEN

THE TAIPEI CULTURAL AND ECONOMIC DELEGATION IN SWITZERLAND

AND

THE TRADE OFFICE OF SWISS INDUSTRIES, TAIPEI

FOR THE AVOIDANCE OF DOUBLE TAXATION
WITH RESPECT TO TAXES ON INCOME

THE TAIPEI CULTURAL AND ECONOMIC DELEGATION IN SWITZERLAND

AND

THE TRADE OFFICE OF SWISS INDUSTRIES, TAIPEI

DESIRING to conclude an Agreement for the avoidance of double taxation with respect to taxes on income;

HAVE AGREED as follows:

Article 1

Persons covered

This Agreement shall apply to persons who are residents of one or both of the territories.

Article 2

Taxes covered

1. This Agreement shall apply to taxes on income imposed in either of the territories including its subdivisions or local authorities, irrespective of the manner in which they are levied.

2. There shall be regarded as taxes on income all taxes imposed on total income, or on elements of income, 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 Agreement shall apply are in particular:

a) in the territory in which the taxation laws administered by the Swiss Federal Tax Administration and the cantonal and municipal tax authorities are applied:

the federal, cantonal and communal taxes on income (total income, earned income, income from capital, industrial and commercial profits, capital gains, and other items of income);

b) in the territory in which the taxation laws administered by the Taxation Agency, Ministry of Finance in Taipei are applied:

(i) the profit-seeking enterprise income tax;

(ii) the individual consolidated income tax; and

(iii) the income basic tax;

including the surcharges levied thereon.

4. The Agreement shall apply also to any identical or substantially similar taxes which are imposed in either territory after the date of signature of the Agreement in addition to, or in place of, the existing taxes. The competent authorities of the territories shall notify each other of any substantial changes which have been made in the taxation laws of the respective territories.

5. The Agreement shall not apply to taxes withheld at the source on prizes in a lottery.

Article 3

General definitions

1. For the purposes of this Agreement, unless the context otherwise requires:

a) the term "territory" means the territory referred to in paragraph 3 a) or 3 b) of Article 2 of this Agreement, as the case requires, and the terms "other territory" and "territories" shall be construed accordingly;

b) the term "person" includes an individual, a company and any other body of persons;

c) the term "company" means any body corporate or any entity which is treated as a body corporate for tax purposes;

d) the terms "enterprise of a territory" and "enterprise of the other territory" mean respectively an enterprise carried on by a resident of a territory and an enterprise carried on by a resident of the other territory;

e) the term "international traffic" means any transport by a ship or aircraft operated by an enterprise of a territory, except when the ship or aircraft is operated solely between places in the other territory;

f) the term "competent authority" means:

(i) in the case of the territory in which the taxation laws administered by the Swiss Federal Tax Administration and the cantonal and municipal tax authorities are applied, the Director of the Federal Tax Administration or his authorized representative;

(ii) in the case of the territory in which the taxation laws administered by the Taxation Agency, Ministry of Finance in Taipei are applied, the Director-General of the Taxation Agency or his authorized representative.

2. As regards the application of the Agreement at any time in a territory, any term not defined therein shall, unless the context otherwise requires, have the meaning that it has at that time under the laws of that territory for the purposes of the taxes to which the Agreement applies, any meaning under the applicable tax laws of that territory prevailing over a meaning given to the term under other laws of that territory.

Article 4

Resident

1. For the purposes of this Agreement, the term "resident of a territory" means any person who, under the laws of that territory, is liable to tax therein by reason of his domicile, residence, place of incorporation, place of management or any other criterion of a similar nature, and also includes that territory and any subdivision or local authority thereof.

2. A person is not a resident of a territory for the purposes of the Agreement if that person is liable to tax in that territory in respect only of income from sources in that territory, provided that this paragraph shall not apply to individuals who are residents of the territory referred to in paragraph 3 b) of Article 2, as long as resident individuals are taxed only in respect of income from sources in that territory.

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

a) he shall be deemed to be a resident only of the territory in which he has a permanent home available to him; if he has a permanent home available to him in both territories, he shall be deemed to be a resident only of the territory with which his personal and economic relations are closer (centre of vital interests);

b) if the territory in which he has his centre of vital interests cannot be determined, or if he has not a permanent home available to him in either territory, he shall be deemed to be a resident only of the territory in which he has an habitual abode;

c) if he has an habitual abode in both territories or in neither of them, the competent authorities of the territories shall settle the question by mutual agreement.

4. A pension fund which is established in a territory under the laws in force in that territory, and which is generally tax exempt in that territory, shall be treated as a resident of that territory and as beneficiary for the purposes of this Agreement.

5. Where by reason of the provisions of paragraph 1 a person other than an individual is a resident of both territories, then it shall be deemed to be a resident only of the territory in which its place of effective management is situated.

Article 5

Permanent establishment

1. For the purposes of this Agreement, the term “permanent establishment“ means a fixed place of business through which the business of an enterprise is wholly or partly carried on.

2. The term “permanent establishment“ includes especially:

a) a place of management;

b) a branch;

c) an office;
d) a factory;
e) a workshop, and
f) a mine, an oil or gas well, a quarry or any other place of extraction of natural resources.

3. A building site or construction or installation project constitutes a permanent establishment only if it lasts more than six months.

4. Notwithstanding the provisions of paragraphs 1, 2 and 3, where an enterprise of a territory:
a) carries on supervisory activities for more than six months in connection with a building site or construction or installation project which is being undertaken in the other territory, or
b) during a period or periods exceeding in the aggregate 183 days in any twelve-month period, performs services for the same project or for connected projects through one or more individuals who are performing such services in that territory,

these supervisory activities or services shall be deemed to be performed through a permanent establishment that the enterprise has in the other territory, unless these supervisory activities or services are limited to those mentioned in paragraph 5 which, if performed through a fixed place of business, would not make this fixed place of business a permanent establishment under the provisions of that paragraph.

5. Notwithstanding the preceding provisions of this Article, the term "permanent establishment" shall be deemed not to include:
a) the use of facilities solely for the purpose of storage, display or delivery of goods or merchandise belonging to the enterprise;
b) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of storage, display or delivery;
c) the maintenance of a stock of goods or merchandise belonging to the enterprise solely for the purpose of processing by another enterprise;
d) the maintenance of a fixed place of business solely for the purpose of purchasing goods or merchandise or of collecting information, for the enterprise;
e) the maintenance of a fixed place of business solely for the purpose of advertising, for the supply of information, for scientific research or similar activities which have a preparatory or auxiliary character for the enterprise;
f) the maintenance of a fixed place of business solely for any combination of activities mentioned in subparagraphs a) to e), provided that the overall activity of the fixed place of business resulting from this combination is of a preparatory or auxiliary character.

6. Notwithstanding the provisions of paragraphs 1 and 2, where a person - other than an agent of an independent status to whom paragraph 7 applies - is acting on behalf of an enterprise and has, and habitually exercises, in a territory an authority to conclude contracts in the name of the enterprise, that enterprise shall be deemed to have a permanent establishment in that territory in respect of any activities which that person undertakes for the enterprise, unless the activities of such person are limited to the purchase of goods or merchandise for the enterprise.

7. An enterprise shall not be deemed to have a permanent establishment in a territory merely because it carries on business in that territory through a broker, general commission agent or any other agent of an independent status, provided that such persons are acting in the ordinary course of their business.

8. The fact that a company which is a resident of a territory controls or is controlled by a company which is a resident of the other territory, or which carries on business in that other territory (whether through a permanent establishment or otherwise), shall not of itself constitute either company a permanent establishment of the other.

Article 6

Income from immovable property

1. Income derived by a resident of a territory from immovable property (including income from agriculture or forestry) situated in the other territory may be taxed in that other territory.

2. The term ”immovable property“ shall have the meaning which it has under the law of the territory in which the property in question is situated. The term shall in any case include property accessory to immovable property, livestock and equipment used in agriculture and forestry, rights to which the provisions of general law respecting landed property apply, usufruct of immovable property and rights to variable or fixed payments as consideration for the working of, or the right to work, mineral deposits, sources and other natural resources; ships, boats and aircraft shall not be regarded as immovable property.

3. The provisions of paragraph 1 shall apply to income derived from the direct use, letting, or use in any other form of immovable property.

4. The provisions of paragraphs 1 and 3 shall also apply to the income from immovable property of an enterprise and to income from immovable property used for the performance of independent personal services.

Article 7

Business profits

1. The profits of an enterprise of a territory shall be taxable only in that territory unless the enterprise carries on business in the other territory through a permanent establishment situated therein. If the enterprise carries on business as aforesaid, the profits of the enterprise may be taxed in the other territory but only so much of them as is attributable to that permanent establishment.

2. Subject to the provisions of paragraph 3, where an enterprise of a territory carries on business in the other territory through a permanent establishment situated therein, there shall in each territory be attributed to that permanent establishment the profits which it might be expected to make if it were a distinct and separate enterprise engaged in the same or similar activities under the same or similar conditions and dealing wholly independently with the enterprise of which it is a permanent establishment.

3. In determining the profits of a permanent establishment, there shall be allowed as deductions expenses which are incurred for the purposes of the permanent establishment, including executive and general administrative expenses so incurred, whether in the territory in which the permanent establishment is situated or elsewhere.

4. Insofar as it has been customary in a territory to determine the profits to be attributed to a permanent establishment on the basis of an apportionment of the total profits of the enterprise to its various parts, nothing in paragraph 2 shall preclude that territory from determining the profits to be taxed by such an apportionment as may be customary; the method of apportionment adopted shall, however, be such that the result shall be in accordance with the principles contained in this Article.

5. No profits shall be attributed to a permanent establishment by reason of the mere purchase by that permanent establishment of goods or merchandise for the enterprise.

6. For the purposes of the preceding paragraphs, the profits to be attributed to the permanent establishment shall be determined by the same method year by year unless there is good and sufficient reason to the contrary.

7. Where profits include items of income which are dealt with separately in other Articles of this Agreement, then the provisions of those Articles shall not be affected by the provisions of this Article.

Article 8

Shipping and air transport

1. Profits of an enterprise of a territory from the operation of ships or aircraft in international traffic shall be taxable only in that territory.

2. For the purpose of this Article, profits from the operation in international traffic of ships or aircraft shall include in particular:

a) profits from the rental on a full (time or voyage) basis or a bareboat basis of ships or aircraft; and

b) profits from the use, maintenance or rental of containers (including trailers and related equipment for the transport of containers) used for the transport of goods or merchandise;

where such rental or such use, maintenance or rental, as the case may be, is incidental to the operation of ships or aircraft in international traffic.

3. The provisions of paragraphs 1 and 2 shall also apply to profits from the participation in a pool, a joint business or an international operating agency**,** but only to so much of the profits so derived as is attributable to the participant in proportion to its share in the joint operation.

Article 9

Associated enterprises

1. Where

a) an enterprise of a territory participates directly or indirectly in the management, control or capital of an enterprise of the other territory, or

b) the same persons participate directly or indirectly in the management, control or capital of an enterprise of a territory and an enterprise of the other territory,

and in either case conditions are made or imposed between the two enterprises in their commercial or financial relations which differ from those which would be made between independent enterprises, then any profits which would, but for those conditions, have accrued to one of the enterprises, but, by

reason of those conditions, have not so accrued, may be included in the profits of that enterprise and taxed accordingly.

2. Where a territory includes in the profits of an enterprise of that territory - and taxes accordingly - profits on which an enterprise of the other territory has been charged to tax in that other territory and the other territory agrees that the profits so included are profits which would have accrued to the enterprise of the first-mentioned territory if the conditions made between the two enterprises had been those which would have been made between independent enterprises, then that other territory shall make an appropriate adjustment to the amount of the tax charged therein on those profits. In determining such adjustment, due regard shall be had to the other provisions of this Agreement and the competent authorities of the territories shall if necessary consult each other.

Article 10

Dividends

1. Dividends paid by a company which is a resident of a territory to a resident of the other territory may be taxed in that other territory.

2. However, such dividends may also be taxed in the territory of which the company paying the dividends is a resident and according to the laws of that territory, but if the beneficial owner of the dividends is a resident of the other territory, the tax so charged shall not exceed:

a) 10 per cent of the gross amount of the dividends if the beneficial owner is a company (other than a partnership) which holds directly at least 20 per cent of the capital of the company paying the dividends;

b) 15 per cent of the gross amount of the dividends in all other cases.

The competent authorities of the territories shall by mutual agreement settle the mode of application of these limitations.

This paragraph shall not affect the taxation of the company in respect of the profits out of which the dividends are paid.

3. The term “dividends“ as used in this Article means income from shares, “jouissance“ shares or “jouissance“ rights, mining shares, founders' shares or other rights, not being debt-claims, participating in profits, as well as income from other corporate rights which is subjected to the same taxation

treatment as income from shares by the laws of the territory of which the company making the distribution is a resident.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the dividends, being a resident of a territory, carries on business in the other territory of which the company paying the dividends is a resident, through a permanent establishment situated therein, or performs in that other territory independent personal services from a fixed base situated therein, and the holding in respect of which the dividends are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

5. Where a company which is a resident of a territory derives profits or income from the other territory, that other territory may not impose any tax on the dividends paid by the company, except insofar as such dividends are paid to a resident of that other territory or insofar as the holding in respect of which the dividends are paid is effectively connected with a permanent establishment or a fixed base situated in that other territory, nor subject the company's undistributed profits to a tax on the company's undistributed profits, even if the dividends paid or the undistributed profits consist wholly or partly of profits or income arising in such other territory.

Article 11

Interest

1. Interest arising in a territory and paid to a resident of the other territory may be taxed in that other territory.

2. However, such interest may also be taxed in the territory in which it arises and according to the laws of that territory, but if the beneficial owner of the interest is a resident of the other territory, the tax so charged shall not exceed 10 per cent of the gross amount of the interest. The competent authorities of the territories shall by mutual agreement settle the mode of application of this limitation.

3. Notwithstanding the provisions of paragraph 2, interest arising in a territory and paid to a resident of the other territory who is the beneficial owner thereof shall be taxable only in that other territory to the extent that such interest is paid

a) in connection with the sale on credit of any industrial, commercial or scientific equipment;
b) in connection with the sale on credit of any merchandise or service by one enterprise to another enterprise;
c) on loans made between banks; or

d) to the other territory or to a subdivision or local authority thereof, or to the central bank of that other territory.

4. The term “interest“ as used in this Article means income from debt-claims of every kind, whether or not secured by mortgage and whether or not carrying a right to participate in the debtor's profits, and in particular, income from government securities and income from bonds or debentures, including premiums and prizes attaching to such securities, bonds or debentures. Penalty charges for late payment shall not be regarded as interest for the purpose of this Article.

5. The provisions of paragraphs 1, 2 and 3 shall not apply if the beneficial owner of the interest, being a resident of a territory, carries on business in the other territory in which the interest arises, through a permanent establishment situated therein, or performs in that other territory independent personal services from a fixed base situated therein, and the debt-claim in respect of which the interest is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

6. Interest shall be deemed to arise in a territory when the payer is a resident of that territory. Where, however, the person paying the interest, whether he is a resident of a territory or not, has in a territory a permanent establishment or a fixed base in connection with which the indebtedness on which the interest is paid was incurred, and such interest is borne by such permanent establishment or fixed base, then such interest shall be deemed to arise in the territory in which the permanent establishment or fixed base is situated.

7. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the interest, having regard to the debt-claim for which it is paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each territory, due regard being had to the other provisions of this Agreement.

Article 12

Royalties

1. Royalties arising in a territory and paid to a resident of the other territory may be taxed in that other territory.

2. However, such royalties may also be taxed in the territory in which they arise and according to the laws of that territory, but if the beneficial owner of the royalties is a resident of the other territory, the tax so charged shall not exceed 10 per cent of the gross amount of the royalties.

3. The term "royalties" as used in this Article means payments of any kind received as a consideration for the use of, or the right to use, any copyright of literary, artistic or scientific work including cinematograph films, any patent, trade mark, design or model, plan, secret formula or process, or for information concerning industrial, commercial or scientific experience.

4. The provisions of paragraphs 1 and 2 shall not apply if the beneficial owner of the royalties, being a resident of a territory, carries on business in the other territory in which the royalties arise, through a permanent establishment situated therein, or performs in that other territory independent personal services from a fixed base situated therein, and the right or property in respect of which the royalties are paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

5. Royalties shall be deemed to arise in a territory when the payer is a resident of that territory. Where, however, the person paying the royalties, whether he is a resident of a territory or not, has in a territory a permanent establishment or fixed base in connection with which the liability to pay the royalties was incurred, and such royalties are borne by such permanent establishment or fixed base, then such royalties shall be deemed to have arisen in the territory in which the permanent establishment or fixed base is situated.

6. Where, by reason of a special relationship between the payer and the beneficial owner or between both of them and some other person, the amount of the royalties, having regard to the use, right or information for which they are paid, exceeds the amount which would have been agreed upon by the payer and the beneficial owner in the absence of such relationship, the provisions of this Article shall apply only to the last-mentioned amount. In such case, the excess part of the payments shall remain taxable according to the laws of each territory, due regard being had to the other provisions of this Agreement.

Article 13

Capital gains

1. Gains derived by a resident of a territory from the alienation of immovable property referred to in Article 6 and situated in the other territory may be taxed in that other territory.

2. Gains from the alienation of movable property forming part of the business property of a permanent establishment which an enterprise of a territory has in the other territory or of movable property pertaining to a fixed base available to a resident of a territory in the other territory for the purpose of performing independent personal services, including such gains from the alienation of such a permanent establishment (alone or with the whole enterprise) or of such fixed base, may be taxed in that other territory.

3. Gains derived by an enterprise of a territory from the alienation of ships or aircraft operated in international traffic or movable property pertaining to the operation of such ships or aircraft, shall be taxable only in that territory.

4. Gains derived by a resident of a territory from the alienation of shares - other than shares which are quoted on a stock exchange as may be agreed by the territories - or other corporate rights in a company the assets of which consist directly or indirectly for more than 50 per cent of immovable property referred to in Article 6 and situated in the other territory[1] may be taxed in that other territory. The provisions of the preceding sentence shall not apply if:

a) the person who derives the gains owns less than 5 per cent of the shares or other corporate rights in the company prior to the alienation; or

b) the gains are derived in the course of a corporate reorganisation, amalgamation, division or similar transaction; or

c) the immovable property is used by a company for its own business.

5. Gains from the alienation of any property, other than that referred to in paragraphs 1, 2, 3 and 4, shall be taxable only in the territory of which the alienator is a resident.

Article 14

Independent personal services

1. Income derived by a resident of a territory in respect of professional services or other activities of an independent character shall be taxable only in that territory except in the following circumstances, when such income may also be taxed in the other territory:

[1] The words "and situated in the other territory" were inserted by Exchange of Letters dated 14 July 2011.

a) if he has a fixed base regularly available to him in the other territory for the purpose of performing his activities; in that case, only so much of the income as is attributable to that fixed base may be taxed in that territory; or

b) if his stay in the other territory is for a period or periods amounting to or exceeding in the aggregate 183 days in any twelve-month period; in that case, only so much income as is derived from his activities performed in the other territory may be taxed in that territory.

2. The term "professional services" includes especially independent scientific, literary, artistic, educational or teaching activities as well as the independent activities of physicians, lawyers, engineers, architects, dentists and accountants.

Article 15

Dependent personal services

1. Subject to the provisions of Articles 16, 18 and 19, salaries, wages and other similar remuneration derived by a resident of a territory in respect of an employment shall be taxable only in that territory unless the employment is exercised in the other territory. If the employment is so exercised, such remuneration as is derived therefrom may be taxed in that other territory.

2. Notwithstanding the provisions of paragraph 1, remuneration derived by a resident of a territory in respect of an employment exercised in the other territory shall be taxable only in the first-mentioned territory if:

a) the recipient is present in the other territory for a period or periods not exceeding in the aggregate 183 days in the fiscal year concerned, and

b) the remuneration is paid by, or on behalf of, an employer who is not a resident of the other territory, and

c) the remuneration is not borne by a permanent establishment or a fixed base which the employer has in the other territory.

3. Notwithstanding the preceding provisions of this Article, remuneration derived in respect of an employment exercised aboard a ship or aircraft operated in international traffic, may be taxed in the territory of which the enterprise operating the ship or aircraft is a resident.

Article 16

Directors' fees

Directors' fees and other similar payments derived by a resident of a territory in his capacity as a member of the board of directors of a company which is a resident of the other territory may be taxed in that other territory.

Article 17

Artistes and sportsmen

1. Notwithstanding the provisions of Articles 14 and 15, income derived by a resident of a territory as an entertainer, such as a theatre, motion picture, radio or television artiste, or a musician, or as a sportsman, from his personal activities as such exercised in the other territory, may be taxed in that other territory.

2. Where income in respect of personal activities exercised by an entertainer or a sportsman in his capacity as such accrues not to the entertainer or sportsman himself but to another person, that income may, notwithstanding the provisions of Articles 7, 14 and 15, be taxed in the territory in which the activities of the entertainer or sportsman are exercised.

3. The provisions of paragraphs 1 and 2 of this Article shall not apply to income derived by entertainers or sportsmen who are residents of a territory from their personal activities as entertainers or sportsmen exercised in the other territory if their visit to that other territory is wholly or substantially supported from the public funds of the first-mentioned territory, a subdivision or local authority thereof. In such a case, the income shall be taxable only in the territory of which the entertainer or sportsman, as the case may be, is a resident.

Article 18

Pensions and similar payments

Pensions and other similar remuneration in consideration of past employment, for which the contributions were deductible in determining taxable income, arising in a territory and paid to a resident of the other territory, may be taxed in the first-mentioned territory.

Article 19

Public service

1. a) Salaries, wages and other similar remuneration, other than a pension, paid by an authority administering a territory or a subdivision or a local authority thereof to an individual in respect of services rendered to that territory or subdivision or local authority shall be taxable only in that territory.

   b) However, such salaries, wages and other similar remuneration shall be taxable only in the other territory if the services are rendered in that territory and the individual is a resident of that territory who:

      (i) is a national of that territory; or

      (ii) did not become a resident of that territory solely for the purpose of rendering the services.

2. a) Any pension and other similar remuneration paid by, or out of funds created by, a territory or a subdivision or a local authority thereof to an individual in respect of services rendered to that territory or subdivision or authority shall be taxable only in that territory.

   b) However, such pension and other similar remuneration shall be taxable only in the other territory if the individual is a resident of, and a national of that territory.

3. The provisions of Articles 15, 16**,** 17 and 18 shall apply to salaries, wages, pension and other similar remuneration, in respect of services rendered in connection with a business carried on by any authority referred to in paragraph 1.

Article 20

Students

Payments which a student or business apprentice who is or was immediately before visiting a territory a resident of the other territory and who is present in the first-mentioned territory solely for the purpose of his education or training receives for the purpose of his maintenance, education or training shall not be taxed in that territory, provided that such payments arise from sources outside that territory.

Article 21

Other income

1. Items of income of a resident of a territory, wherever arising, not dealt with in the foregoing Articles of this Agreement shall be taxable only in that territory.

2. The provisions of paragraph 1 shall not apply to income, other than income from immovable property as defined in paragraph 2 of Article 6, if the recipient of such income, being a resident of a territory, carries on business in the other territory through a permanent establishment situated therein, or performs in that other territory independent personal services from a fixed base situated therein, and the right or property in respect of which the income is paid is effectively connected with such permanent establishment or fixed base. In such case the provisions of Article 7 or Article 14, as the case may be, shall apply.

Article 22

Elimination of double taxation

1. In the case of the territory referred to in paragraph 3 a) of Article 2, double taxation shall be avoided as follows:

a) Where a resident of the territory referred to in paragraph 3 a) of Article 2 derives income which, in accordance with the provisions of this Agreement, may be taxed in the territory referred to in paragraph 3 b) of Article 2, the territory referred to in paragraph 3 a) of Article 2 shall, subject to the provisions of subparagraph b), exempt such income from tax but may, in calculating tax

on the remaining income of that resident, apply the rate of tax which would have been applicable if the exempted income had not been so exempted. However, such exemption shall apply to gains referred to in paragraph 4 of Article 13 only if actual taxation of such gains in the territory referred to in paragraph 3 b) of Article 2 is demonstrated.

b) Where a resident of the territory referred to in paragraph 3 a) of Article 2 derives dividends, interest or royalties which, in accordance with the provisions of Article 10, 11 and 12, may be taxed in the territory referred to in paragraph 3 b) of Article 2, the territory referred to in paragraph 3 a) of Article 2 shall allow, upon request, a relief to such resident. The relief may consist of:

(i) a deduction from the tax on the income of that resident of an amount equal to the tax levied in the territory referred to in paragraph 3 b) of Article 2 in accordance with the provisions of Articles 10, 11 and 12; such deduction shall not, however, exceed the part of the tax in the territory referred to in paragraph 3 a) of Article 2, as computed before the deduction is given, which is appropriate to the income which may be taxed in the territory referred to in paragraph 3 b) of Article 2; or

(ii) a lump sum reduction of the tax in the territory referred to in paragraph 3 a) of Article 2; or

(iii) a partial exemption of such dividends, interest or royalties from tax in the territory referred to in paragraph 3 a) of Article 2, in any case consisting at least of the deduction of the tax levied in the territory referred to in paragraph 3 b) of Article 2 from the gross amount of the dividends, interest or royalties.

The territory referred to in paragraph 3 a) of Article 2 shall determine the applicable relief and regulate the procedure in accordance with the applicable provisions relating to the carrying out of international conventions of that territory for the avoidance of double taxation.

c) A company which is a resident of the territory referred to in paragraph 3 a) of Article 2 and which derives dividends from a company which is a resident of the territory referred to in paragraph 3 b) of Article 2 shall be entitled, for the purposes of tax in the first-mentioned territory with respect to such dividends, to the same relief which would be granted to the company if the company paying the dividends were a resident of the territory referred to in paragraph 3 a) of Article 2.

2. In the case of the territory referred to in paragraph 3 b) of Article 2, double taxation shall be avoided as follows:

Where a resident of the territory referred to in paragraph 3 b) of Article 2 derives income from the other territory, the amount of tax on that income paid in that other territory (but excluding, in the case of a dividend tax paid in respect of the profits out of which the dividend is paid) and in accordance with the provisions of this Agreement, shall be credited against the tax levied in the first-mentioned territory imposed on that resident. The amount of credit, however, shall not exceed the amount of the

tax in the first-mentioned territory on that income computed in accordance with its taxation laws and regulations.

Article 23

Non-discrimination

1. Nationals of a territory shall not be subjected in the other territory to any taxation or any requirement connected therewith, which is other or more burdensome than the taxation and connected requirements to which nationals of that other territory in the same circumstances, in particular with respect to residence, are or may be subjected. This provision shall, notwithstanding the provisions of Article l, also apply to persons who are not residents of one or both of the territories.

2. The taxation on a permanent establishment which an enterprise of a territory has in the other territory shall not be less favourably levied in that other territory than the taxation levied on enterprises of that other territory carrying on the same activities. This provision shall not be construed as obliging a territory to grant to residents of the other territory any personal allowances, reliefs and reductions for taxation purposes on account of civil status or family responsibilities which it grants to its own residents.

3. Except where the provisions of paragraph 1 of Article 9, paragraph 7 of Article 11, or paragraph 6 of Article 12, apply, interest, royalties and other disbursements paid by an enterprise of a territory to a resident of the other territory shall, for the purpose of determining the taxable profits of such enterprise, be deductible under the same conditions as if they had been paid to a resident of the first-mentioned territory.

4. Enterprises of a territory, the capital of which is wholly or partly owned or controlled, directly or indirectly, by one or more residents of the other territory, shall not be subjected in the first-mentioned territory to any taxation or any requirement connected therewith which is other or more burdensome than the taxation and connected requirements to which other similar enterprises of the first-mentioned territory are or may be subjected.

5. The provisions of this Article shall apply to taxes which are the subject of this Agreement.

6. This Article shall not be construed so as to apply to any provision of the laws of a territory which:

a) does not allow tax rebates, credits or exemption in relation to dividends paid by a company that is a resident of that territory for purposes of its tax; or

b) is designed to promote economic development.

Article 24

Mutual agreement procedure

1. Where a person considers that the actions of one or both of the territories result or will result for him in taxation not in accordance with the provisions of this Agreement, he may, irrespective of the remedies provided by the domestic law of those territories, present his case to the competent authority of the territory of which he is a resident or, if his case comes under paragraph 1 of Article 23, to that of the territory of which he is a national. The case must be presented within three years from the first notification of the action resulting in taxation not in accordance with the provisions of the Agreement.

2. The competent authority shall endeavour, if the objection appears to it to be justified and if it is not itself able to arrive at a satisfactory solution, to resolve the case by mutual agreement with the competent authority of the other territory, with a view to the avoidance of taxation which is not in accordance with the Agreement.

3. The competent authorities of the territories shall endeavour to resolve by mutual agreement any difficulties or doubts arising as to the interpretation or application of the Agreement. They may also consult together for the elimination of double taxation in cases not provided for in the Agreement.

4. The competent authorities of the territories may communicate with each other directly, including through a joint commission consisting of themselves or their representatives, for the purpose of reaching an agreement in the sense of the preceding paragraphs.

Article 25[2]

Exchange of information

1. The competent authorities of the territories shall exchange such information as is foreseeably relevant for carrying out the provisions of this Agreement or to the administration or enforcement of

[2] As amended by Exchange of Letters dated 14 July 2011.

the domestic laws concerning taxes covered by the Agreement insofar as the taxation thereunder is not contrary to the Agreement. The exchange of information is not restricted by Article 1.

2. Any information received under paragraph 1 by a territory shall be treated as secret in the same manner as information obtained under the domestic laws of that territory and shall be disclosed only to persons or authorities (including courts and administrative bodies) concerned with the assessment or collection of, the enforcement or prosecution in respect of, or the determination of appeals in relation to the taxes referred to in paragraph 1. Such persons or authorities shall use the information only for such purposes. They may disclose the information in public court proceedings or in judicial decisions.

3. In no case shall the provisions of paragraphs 1 and 2 be construed so as to impose on a territory the obligation:

a) to carry out administrative measures at variance with the laws and administrative practice of that or of the other territory;

b) to supply information which is not obtainable under the laws or in the normal course of the administration of that or of the other territory;

c) to supply information which would disclose any trade, business, industrial, commercial or professional secret or trade process, or information the disclosure of which would be contrary to public policy (ordre public).

4. If information is requested by a territory in accordance with this Article, the other territory shall use its information gathering measures to obtain the requested information, even though that other territory may not need such information for its own tax purposes. The obligation contained in the preceding sentence is subject to the limitations of paragraph 3 but in no case shall such limitations be construed to permit a territory to decline to supply information solely because it has no domestic interest in such information.

5. In no case shall the provisions of paragraph 3 be construed to permit a territory to decline to supply information solely because the information is held by a bank, other financial institution, nominee or person acting in an agency or a fiduciary capacity or because it relates to ownership interests in a person. In order to obtain such information, the tax authorities of the requested territory, if necessary to comply with its obligations under this paragraph, shall have the power to enforce the disclosure of information covered by this paragraph, notwithstanding paragraph 3 or any contrary provisions in its domestic laws.

Article 26

Limitation of benefits

1. The provisions of Articles 10, 11 and 12 shall not apply in respect of any dividend, interest or royalty paid under, or as part of, a conduit arrangement.

2. The term "conduit arrangement" means a transaction or series of transactions which is structured in such a way that a resident of a territory entitled to the benefits of this Agreement receives an item of income arising in the other territory but that resident pays, directly or indirectly, all or substantially all of that income (at any time or in any form) to another person who is not a resident of either territory and who, if it received that item of income directly from the other territory, would not be entitled under an agreement for the avoidance of double taxation between the territory in which that other person is a resident and the territory in which the income arises, or otherwise, to benefits with respect to that item of income which are equivalent to, or more favourable than, those available under this Agreement to a resident of a territory, and the main purpose of such structuring is obtaining benefits under this Agreement.

3. Notwithstanding the provisions of paragraphs 1 and 2 and any other Article of this Agreement, a resident of a territory shall not receive the benefit of any reduction in or exemption from tax provided for in the Agreement by the other territory if the main purpose of such a resident or a person connected with such a resident was to obtain the benefits of this Agreement.

Article 27

Entry into force

1. The Trade Office of Swiss Industries, Taipei and the Taipei Cultural and Economic Delegation in Switzerland shall notify each other in writing about the completion of the procedures required by the law of their respective territories for the bringing into force of this Agreement. The Agreement shall enter into force on the date on which the later of those written notifications has been received.

2. The provisions of the Agreement shall have effect:

a) in respect of taxes withheld at source on amounts paid or credited on or after the first day of January of the year of the entry into force of the Agreement;

b) in respect of other taxes for taxation years beginning on or after the first day of January of the year of the entry into force of the Agreement;

c)[3] in respect of Article 25 for information that relates to taxation years beginning on or after the first day of January following the year of the entry into force of the Agreement.

Article 28

Termination

This Agreement shall remain in force until terminated by the Trade Office of Swiss Industries, Taipei or the Taipei Cultural and Economic Delegation in Switzerland. Either the Trade Office of Swiss Industries, Taipei or the Taipei Cultural and Economic Delegation in Switzerland may terminate the Agreement by giving written notice of termination to the other at least six months before the end of any calendar year. In such event, the Agreement shall cease to have effect:

a) in respect of taxes withheld at source on amounts paid or credited on or after the first day of January of the calendar year next following that in which the notice was given;
b) in respect of other taxes for taxation years beginning on or after the first day of January of the calendar year next following that in which the notice was given.

IN WITNESS WHEREOF the undersigned, duly authorized thereto, have signed this Agreement.

Done in duplicate at Berne, this 8th October 2007, in the English language.

For the Taipei Cultural and Economic Delegation in Switzerland	For the Trade Office of Swiss Industries, Taipei
Shih-Rong Wang	Jost Feer

[3] As amended by Exchange of Letters dated 14 July 2011.

PROTOCOL

The Taipei Cultural and Economic Delegation in Switzerland

and

The Trade Office of Swiss Industries, Taipei

Have agreed at the signing at Berne on the 8th October 2007 of the Agreement for the avoidance of double taxation with respect to taxes on income upon the following provisions which shall form an integral part of the said Agreement.

1. ad Article 2

With respect to the territory in which the taxation laws administered by the Taxation Agency, Ministry of Finance in Taipei are applied, it is understood that the Agreement does not affect the assessment of the Land Value Increment Tax.

2. ad Article 4

In respect of paragraph 4 of Article 4, it is understood and confirmed that the term "pension fund" means any plan, scheme, fund, trust or other arrangement established in a territory which is operated principally to administer and provide pension or retirement benefits or to earn income for the benefit of one or more such arrangements.

3. ad Article 7

In respect of paragraphs 1 and 2 of Article 7, where an enterprise of a territory sells goods or merchandise or carries on business in the other territory through a permanent establishment situated therein, the profits of that permanent establishment shall not be determined on the basis of the total amount received by the enterprise, but shall be determined only on the basis of that part of the total receipts which is attributable to the actual activity of the permanent establishment for such sales or business.

In the case of contracts for the survey, supply, installation or construction of industrial, commercial or scientific equipment or premises, or of public works, when the enterprise has a permanent establishment, the profits of such permanent establishment shall not be determined on the basis of the total amount of the contract, but shall be determined only on the basis of that part of the contract

which is effectively carried out by the permanent establishment in the territory where the permanent establishment is situated.

The profits related to that part of the contract which is carried out by the head office of the enterprise shall be taxable only in the territory of which the enterprise is a resident.

4. ad Articles 7 and 12

It is understood that payments received as a consideration for the use of, or the right to use industrial, commercial or scientific equipment constitute business profits covered by Article 7.

5. ad Article 10

If, in an agreement for the avoidance of double taxation or a protocol amending such an agreement that is signed after the signature of this Agreement between the territory referred to in paragraph 3 b) of Article 2[4] and a third territory, being a member of the Organisation for Economic Co-operation and Development (OECD), the first-mentioned territory would exempt dividends from tax or reduce the rate of tax on dividends below 10 per cent, such exemption or reduced rate shall automatically apply as if it had been specified in the Agreement, with effect from the date on which the provisions of that agreement or amendment, as the case may be, or of this Agreement, whichever is the later, become effective. This provision shall, however, only apply to dividends where the beneficial owner is a company (other than a partnership) which holds at least 20 per cent of the capital of the company paying the dividends.

6. ad Article 12

If, in an agreement for the avoidance of double taxation or a protocol amending such an agreement that is signed after the signature of this Agreement between the territory referred to in paragraph 3 b) of Article 2[5] and a third territory, being a member of the Organisation for Economic Co-operation and Development (OECD)**,** the first mentioned territory would exempt royalties from tax or reduce the rate of tax on royalties below 10 per cent, such exemption or reduced rate shall automatically apply as if it had been specified in the Agreement, with effect from the date on which the provisions of that agreement or amendment, as the case may be, or of this Agreement, whichever is the later, become effective.

7. ad Articles 18 and 19

It is understood that the terms "pensions" and "pension" as used in Articles 18 and 19, respectively, do not only cover periodic payments, but also include lump sum payments.

[4] Reference to paragraph 3 b) of Article 2 as amended by Exchange of Letters dated 14 July 2011.
[5] Reference to paragraph 3 b) of Article 2 as amended by Exchange of Letters dated 14 July 2011.

8. ad Article 25[6]

a) It is understood that an exchange of information will only be requested once the requesting territory has exhausted all regular sources of information available under the internal taxation procedure.

b) It is understood that the tax authorities of the requesting territory shall provide the following information to the tax authorities of the requested territory when making a request for information under Article 25 of the Agreement:

(i) the identity of the person under examination or investigation;

(ii) the period of time for which the information is requested;

(iii) a statement of the information sought including its nature and the form in which the requesting territory wishes to receive the information from the requested territory;

(iv) the tax purpose for which the information is sought;

(v) to the extent known, the name and address of any person believed to be in possession of the requested information.

The purpose of referring to information that may be foreseeably relevant is intended to provide for exchange of information in tax matters to the widest possible extent without allowing the territories to engage in "fishing expeditions" or to request information that is unlikely to be relevant to the tax affairs of a given taxpayer. While this subparagraph contains important procedural requirements that are intended to ensure that fishing expeditions do not occur, clauses (i) through (v) nevertheless need to be interpreted with a view not to frustrate effective exchange of information.

c) It is further understood that Article 25 of the Agreement shall not commit the territories to exchange information on an automatic or a spontaneous basis.

d) It is understood that in case of an exchange of information, the administrative procedural rules regarding taxpayers' rights provided for in the requested territory remain applicable before the information is transmitted to the requesting territory. It is further understood that this provision aims at guaranteeing the taxpayer a fair procedure and not at preventing or unduly delaying the exchange of information process.

9….[7]

Done in duplicate at Berne, this 8th October 2007, in the English language.

For the Taipei Cultural and Economic Delegation in Switzerland	For the Trade Office of Swiss Industries, Taipei
Shih-Rong Wang	Jost Feer

[6] As amended by Exchange of Letters dated 14 July 2011.
[7] Deleted by Exchange of Letters dated 14 July 2011.