



Italy and Liechtenstein sign a double taxation convention

On 12 July 2023, the Italian Minister of Finance and the Liechtenstein Head of Government and Minister of Finance signed a Double Taxation Convention (hereinafter, "DTC"). The DTC, which was already drafted in 2019, will enter into force after completion of the respective domestic legislative procedures of ratification of international treaties.

According to the [press release](#) issued online by the Liechtenstein government, the DTC, which is based on the OECD Model Tax Convention and takes into account the results of the OECD/G20 BEPS project (Base Erosion and Profit Shifting), regulates the prevention of double taxation and tax evasion on income taxes in cross-border fact patterns.

The DTC increases legal certainty for investments and strengthens the existing trading partnership between Liechtenstein and Italy, in particular with respect to the provision of a zero withholding tax rate on group dividends aimed at promoting cross-border investments.

Furthermore, an arbitration clause and the related protocol on arbitration proceedings have been included to facilitate the resolution of double taxation cases that are not solved by mutual agreement.

Lastly, the exchange of information provisions are in line with the international standards and aimed at facilitating administrative assistance for enforcement purposes whereas the automatic exchange of information will continue to be handled via the Automatic Exchange of Information (AEOI) agreement between Liechtenstein and the EU.

Further details will be provided once the final text of the DTC will be released.

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