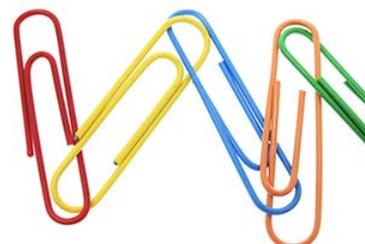


## Tax Alert

### Malta's tax treaty with Lichtenstein

23 October 2013



#### Malta - Liechtenstein tax treaty

Malta's continuing effort in extending its tax treaty network (currently, 69 tax treaties entered into by Malta) is again evidenced by a new tax treaty signed with Liechtenstein on 27 September 2013 (the 'Treaty'). Some of the relevant provisions of the Treaty are summarised below.

---

<b>General definitions:</b>	'Persons covered': The term 'person' includes, inter alia, an investment fund, a pension fund, a trust, a partnership and a Liechtenstein dormant inheritance. Additional details with respect to the personal scope of the Treaty may be found in the protocol to the Treaty.
<b>Resident:</b>	In addition to the definition of the term 'resident of a Contracting State' in line with the OECD Model Convention on Income and Capital, in terms of the protocol to the Treaty a person is also considered 'liable to tax' in a contracting state if it is subject to the tax laws of this state but exempt from tax provided that all requirements for exemption are satisfied. The protocol to the Treaty further provides that the residence of a trust is determined either by reference to the residence of its trustee/s but only if in one of the contracting states (and none of them being resident in the other or both) or, should this not be the case, by reference to the place where the decisions concerning the administration of the trust are taken.
<b>Withholding tax on dividends, interest and royalties:</b>	The Treaty allocates the taxing rights with respect to outbound dividend, interest and royalty payments exclusively to the state of residence of the recipient. Capital gains: The source state may tax gains derived by a resident of the other contracting state from the alienation of shares deriving more than 50% of their value, directly or indirectly, from immovable property situated in the source state.
<b>Directors' fees:</b>	The source state may tax directors' fees and other similar payments derived by a member of the board of directors (or a board set up for a similar purpose) of a company or a trust where the source is determined by reference to the residence of this company or trust.

---

---

**Elimination of double taxation:**

Liechtenstein generally applies the exemption method with progression with a switch-over to the ordinary credit method for items of income referred to in article 14 ('Income from employment'), article 15 ('Directors' fees'), article 16 ('Artistes and sportsmen') and article 17 ('Pensions'). Malta generally applies the ordinary credit method.

---

**Entry into force:**

The Treaty will enter into force on the date of the second country giving a notice that its internal ratification procedures have been completed. The Treaty will apply:

- In respect of taxes withheld at source, to income derived on or after 1 January of the calendar year next following the year in which the Treaty enters into force;
- in respect of other taxes on income and taxes on capital, to taxes chargeable for any taxable year (any calendar year or accounting period, as the case may be) beginning on or after 1 January of the calendar year next following the year in which the Treaty enters into force.

---

[Back to top of article](#)

For more information please contact:

**Chris Curmi**

[ccurmi@deloitte.com.mt](mailto:ccurmi@deloitte.com.mt)

Leader – Global Employer Services

Deloitte Malta

**Conrad Cassar Torregiani**

[ctorregiani@deloitte.com.mt](mailto:ctorregiani@deloitte.com.mt)

Leader - International Tax

Deloitte Malta

**Astrid Vroom**

[asvroom@deloitte.com](mailto:asvroom@deloitte.com)

Senior Manager - International Tax

Deloitte Malta New York ICE Desk

**Jevgenija Pavlova**

[jpavlova@deloitte.com.mt](mailto:jpavlova@deloitte.com.mt)

Assistant Manager - Business Tax Services

(Russian speaking)

Deloitte Malta

---

[Home](#) | [Security](#) | [Legal](#) | [Privacy](#)

Deloitte Place  
Mriehel Bypass, Mriehel  
Malta

© 2013 Deloitte Malta

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see [www.deloitte.com/about](http://www.deloitte.com/about) for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte Malta refers to a civil partnership, constituted between limited liability companies, and its affiliated operating entities; Deloitte Services Limited and Deloitte Audit Limited. The latter is authorised to provide audit services in Malta in terms of the Accountancy Profession Act.

A list of the corporate partners, as well as the principals authorised to sign reports on behalf of the firm, is available at [www.deloitte.com/mt/about](http://www.deloitte.com/mt/about).

Deloitte provides audit, tax, consulting, and financial advisory services to public and private clients spanning multiple

industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and high-quality service to clients, delivering the insights they need to address their most complex business challenges. Deloitte has in the region of 200,000 professionals, all committed to becoming the standard of excellence.

 [Deloitte RSS feeds](#)

[Unsubscribe](#)