

No. 17891

**SWITZERLAND
and
ITALY**

Agreement on the taxation of frontier workers and financial compensation for Italian frontier communes. Signed at Rome on 3 October 1974

Authentic text: Italian.

Registered by Switzerland on 13 July 1979.

**SUISSE
et
ITALIE**

Accord relatif à l'imposition des travailleurs frontaliers et à la compensation financière en faveur des communes italiennes limitrophes. Signé à Rome le 3 octobre 1974

Texte authentique : italien.

Enregistré par la Suisse le 13 juillet 1979.

[TRANSLATION — TRADUCTION]

AGREEMENT¹ BETWEEN SWITZERLAND AND ITALY ON THE TAXATION OF FRONTIER WORKERS AND FINANCIAL COMPENSATION FOR ITALIAN FRONTIER COMMUNES

The Swiss Federal Council and the Government of the Italian Republic,

Desiring to avoid double taxation which may result, for Italian workers, from the application of the fiscal legislation of the two countries in the matter of income taxes;

Considering that a large number of frontier workers who live in Italy exercise paid employment in Switzerland;

Taking into account the costs of public works and services borne by some Italian communes adjoining the frontier because of the fact that their residents are employed as frontier workers in the Cantons of Grisons, Ticino and Valais;

Considering the important contribution made by Italian frontier workers, at different levels, to the economy of the Cantons in which they are employed;

Considering that it is appropriate that the Swiss Confederation and the Cantons of Grisons, Ticino and Valais, in a spirit of economic and social co-operation, should pay appropriate financial compensation to the Italian communes in question;

Have agreed to the following provisions:

Article 1. Salaries, wages and other elements of remuneration which a frontier worker receives as a result of paid employment shall only be taxable in the State where the employment is exercised.

Article 2. Each of the Cantons of Grisons, Ticino and Valais shall pay each year to the Italian communes adjoining the frontier a part of the fiscal revenue resulting from the taxation—at the federal, cantonal and communal levels—of the remuneration of Italian frontier workers, as financial compensation for the costs borne by the Italian communes because of the fact that frontier workers who reside on their territory exercise paid employment on the territory of one of the above-mentioned Cantons.

The financial compensation of each of the three Cantons shall be 20 per cent in 1974, 30 per cent in 1975 and 40 per cent for each of the following years of the gross amount of tax on remuneration paid over the calendar year by Italian frontier workers.

Article 3. The financial compensation shall be payable in Swiss francs in a single payment during the first six months of the year following the year to which the financial compensation applies, taking into account the provisions of article 2.

Article 4. The financial compensation shall be paid by the financial bodies of the Cantons of Grisons, Ticino and Valais, through the normal channels,

¹ Came into force on 27 March 1979 by an exchange of notifications by which the Parties informed each other of the completion of the required constitutional procedures (with retroactive effect from 1 January 1974), in accordance with article 6.

into an account opened with the Italian Central Treasury, in the name of the Ministry of the Treasury and entitled: "*Compensazioni finanziarie per l'imposta operata in Svizzera sulle rimunerazioni dei frontalieri italiani*" (Financial compensation for taxes imposed in Switzerland on the remuneration of Italian frontier workers).

The Italian authorities shall transfer these amounts to the communes in which an appropriate number of frontier workers live, in agreement—as far as criteria of distribution and use are concerned—with the competent bodies of the frontier regions in question.

Article 5. A meeting shall be organized at least once a year and shall be attended by, from the Italian side, representatives of the competent ministries, the regions indicated in article 4, and delegates from the communes indicated in article 4, and, from the Swiss side, representatives of the Cantons of Grisons, Ticino and Valais, and of the Confederation, to consider problems raised by the implementation of this Agreement.

On this occasion, the Italian representatives shall inform the Swiss representatives of the use that has been made of the amounts mentioned above, placed at the disposal of the above-mentioned communes.

Article 6. This Agreement has been concluded for a period of five years.

It shall enter into force upon the exchange of notifications indicating that the constitutional procedures required to give it force of law have been completed by both countries; its provisions shall take effect from 1 January 1974.

This Agreement shall form an integral part of the Convention to be concluded between Italy and Switzerland for the avoidance of double taxation with respect to taxes on income and on capital.¹

DONE at Rome on 3 October 1974, in two original copies, in the Italian language.

For the Swiss Federal Council:

A. MARCIONELLI

For the Government
of the Italian Republic:

L. GRANELLI

¹ See p. 69 of this volume.