

The new DTC between Italy and Liechtenstein



Liechtenstein | International Tax Architecture | Liechtenstein Tax Law | DTC Italy/Liechtenstein

La nuova convenzione in materia tributaria tra Italia e Liechtenstein

Seminario di diritto tributario internazionale

Rome, 12 December 2023



Professor Dr Martin Wenz

Chair in Business Taxation and the Laws of
International and Liechtenstein Taxation

Liechtenstein Business Law School

Academic Head Liechtenstein Executive School

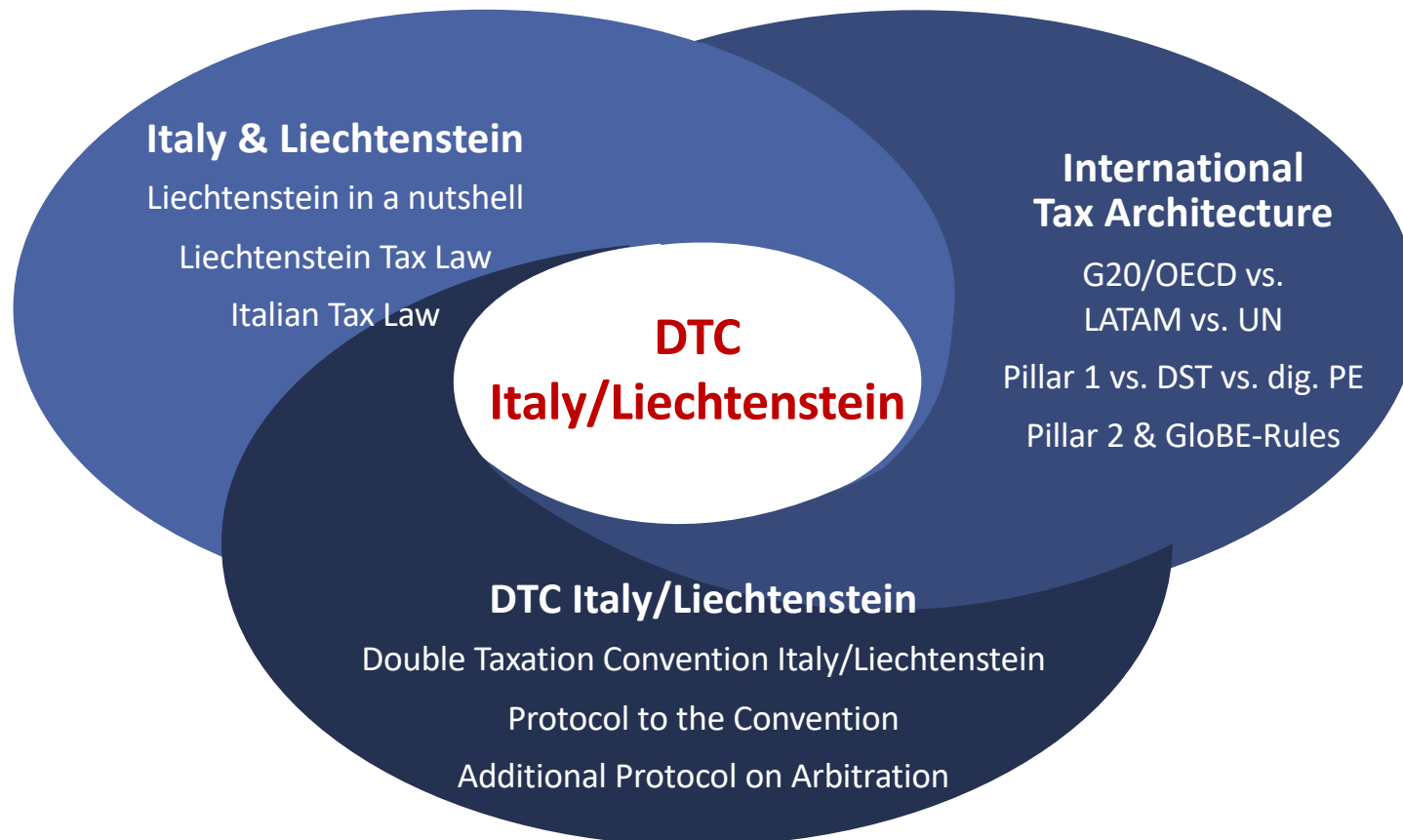
University of Liechtenstein, Vaduz



The new DTC between Italy and Liechtenstein



Agenda



The new DTC between Italy and Liechtenstein



Liechtenstein in a nutshell: Entrepreneurial innovative Business Location and Financial Centre

Small, open, developed, solid, liberal economy with stable policy

- No public debt | financial reserves: CHF 2bn | highly diversified
- State quota/Fiscal quota: 21% GDP | Tax quota: 14% GDP
- Standard & Poor`s: AAA-Rating (one of 11) | Revenue ~ 1 bn. CHF
- Direct investments in DE > \sum CY/CZ/GR/HUN/MT/PL/PO/SLO/SK
- German speaking countries: AT, BE, CH, DE, LU, LIE

European Internal Market: EU/EAA/EFTA/Schengen

- Full market access and implementation of regulation
- Fundamental freedoms and prohibition of state aid
- European Passport: Goods and services
- EFTA-Free Trade Agreements

Special relationship to Switzerland

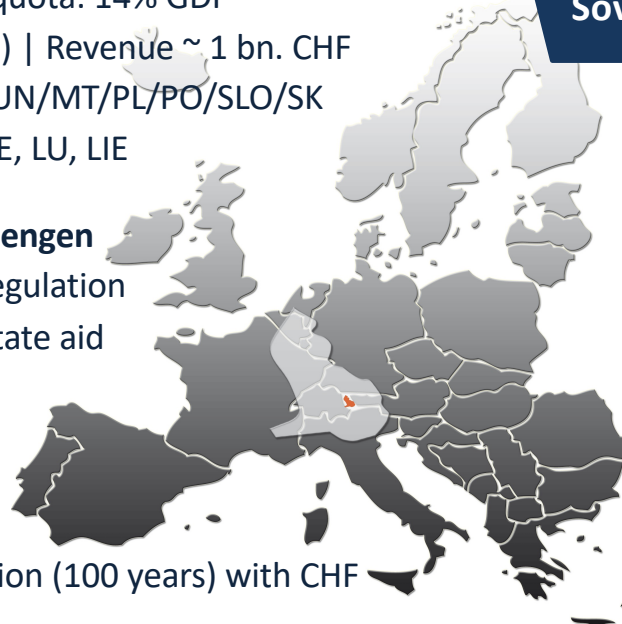
- Economic area: Customs and currency union (100 years) with CHF
- CH-Free Trade Agreements
- CH-Common indirect taxes: VAT, excise & stamp duties
- LIE-Direct tax system with moderate tax burden | LIE-Blockchain Act

Memberships: EEA, EFTA, EBWE, Council of Europe, PostEurop, WTO, OPCW, CEMT, ICC, CTBTO, OIE, Global Forum, Inclusive Framework, IRENA, IACA, IGH, UPU, UIT, UNCTAD, IAEO, WIPO, UNO, OSZE, ECE, CEPT, CEB, CE, EBF, EPC, FC4S, Moneyval, ESMA, EBA, EUTELSAT, CEMT, EIOPA, EGMR, EPO, INTERPOL, IUCN, INTELSAT, ...

Principality of Liechtenstein, since 1719

Sovereign small state for more than 300 years

- Constitutional hereditary monarchy based on a democratic and parliamentary system
- 160 km² (62 sq mi) between Austria and Switzerland
- One of two worldwide double landlocked countries
- Borders with Switzerland and Austria
- Surrounded by EU-, G7- and NATO-Member States
- Population: 40'000 inhabitants + 20'000 commuters
- 4th smallest country in Europe, 6th worldwide
- GDP: CHF 6,7 Mrd | GDP: Industry: 42%, Local Business: 30%, Financial Centre: 21%, Agriculture: 7%
- Financial Centre: 12 Banks, 33 Insurance companies, 136 Trustees, 217 Trust enterprises, 561 Funds, 1353 Charitable foundations, 95 Asset Management COs



The new DTC between Italy and Liechtenstein



International Tax Architecture: The dynamic level-playing field on taxation (LPFT)



Global Tax Standards

- Incl. Framework: Progress Report
- FHTP: Progress Report
- Global Forum: Progress Report

EU/EEA: Internal Market: freedoms | prohibition of state aid

EU-Tax Directives incl. on Pillar 2

Tax Good Governance Principles:
Listing of non-cooperative Jurisdictions



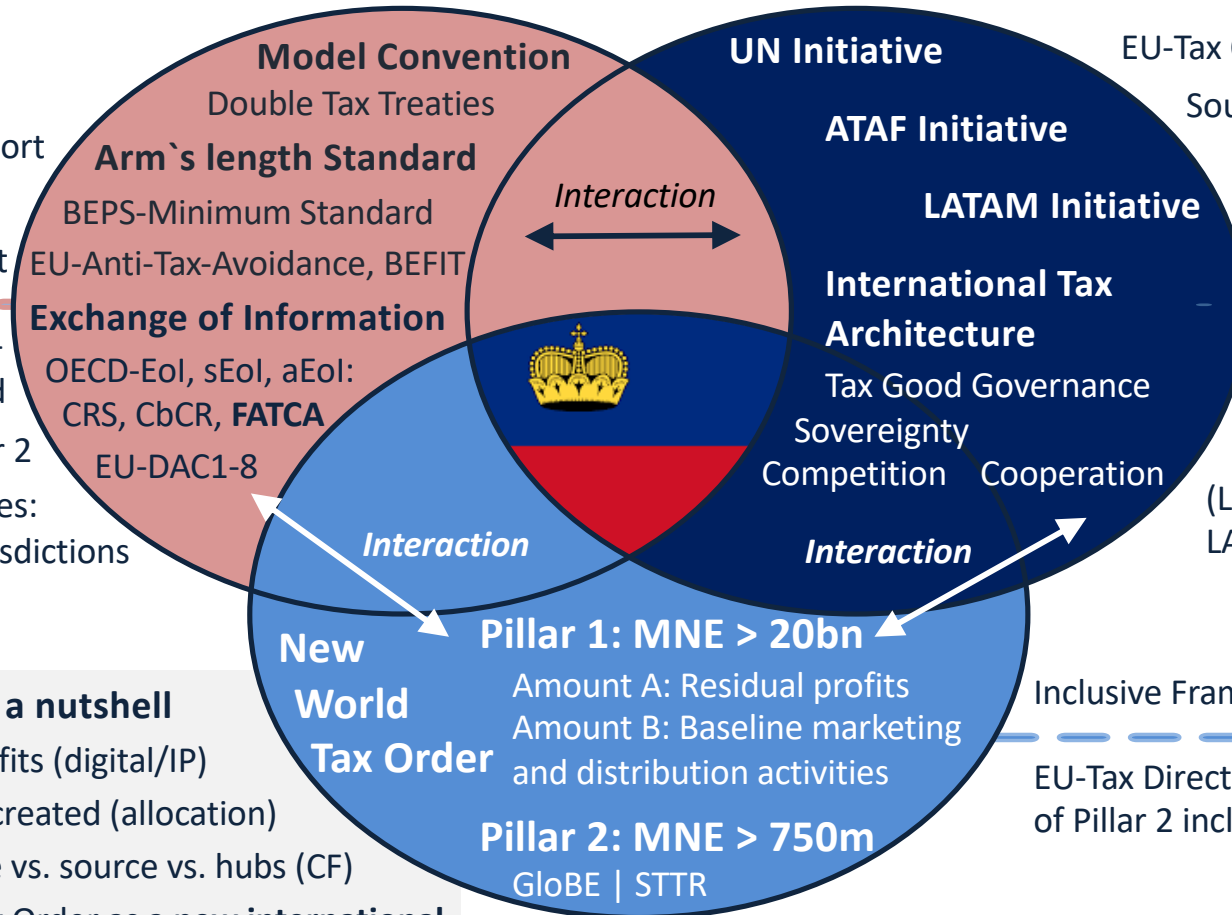
International Tax Policy in a nutshell

Generation: High residual profits (digital/IP)

Taxation: Where the value is created (allocation)

Priority: Taxation of residence vs. source vs. hubs (CF)

Development: New World Tax Order as a **new international Benchmark Tax System (GloBE-Tax System: BEPS 2.0)**



EU-Tax Observatory

South Centre

TJN



United Nations (UN)

African Tax Administration Forum (ATAF)

Latin American Countries (LATAM): Platform for Taxation in LATAM and the Caribbean (PTLAC)



Inclusive Framework on BEPS: Pillar 1 | Pillar 2

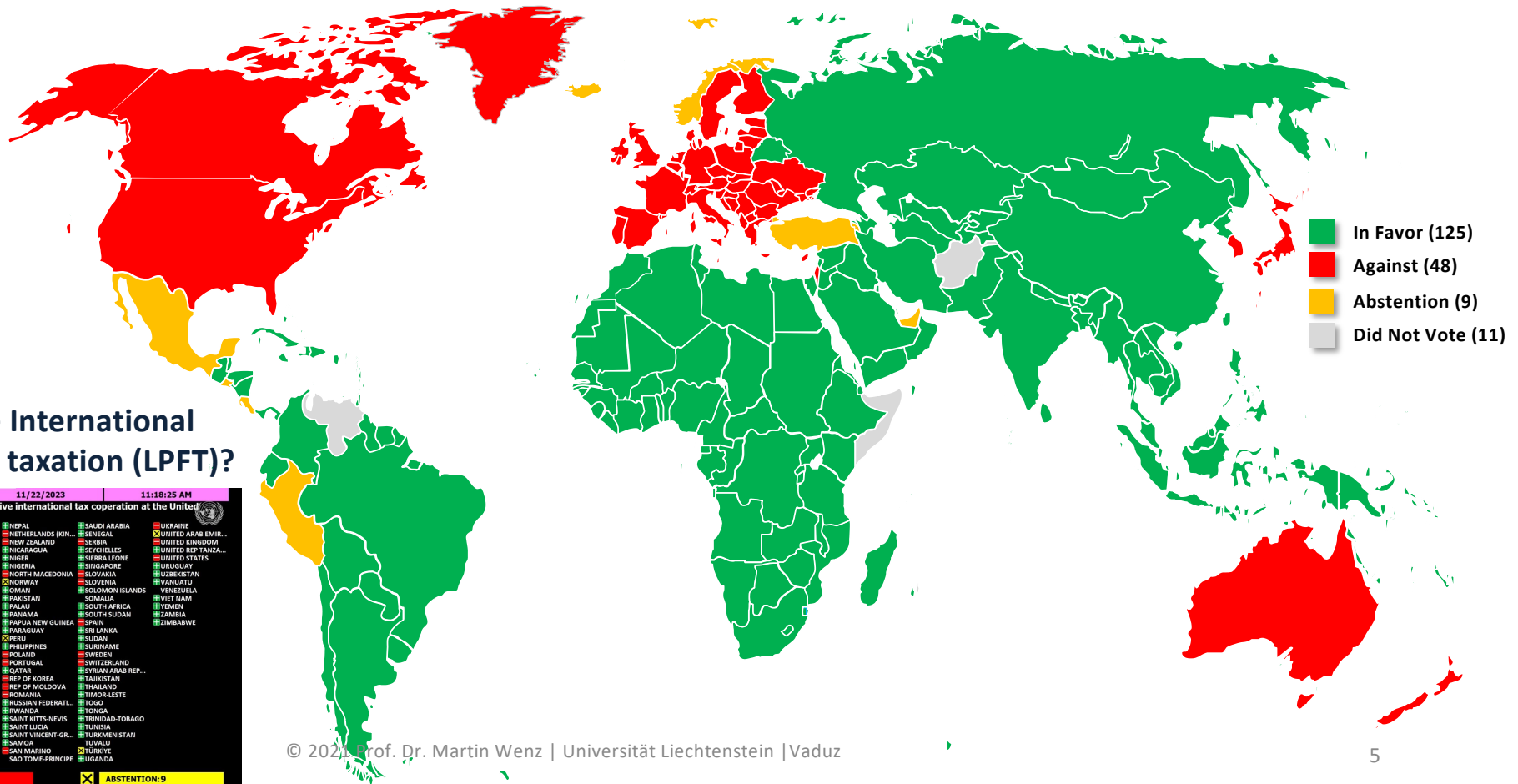
EU-Tax Directive: Mandatory Implementation of Pillar 2 incl. Large Scale Domestic Groups



The new DTC between Italy and Liechtenstein



UN-Voting Results: Promotion of inclusive and effective international tax cooperation at the level of the UN



Fragmentation of the International Level playing field on taxation (LPFT)?

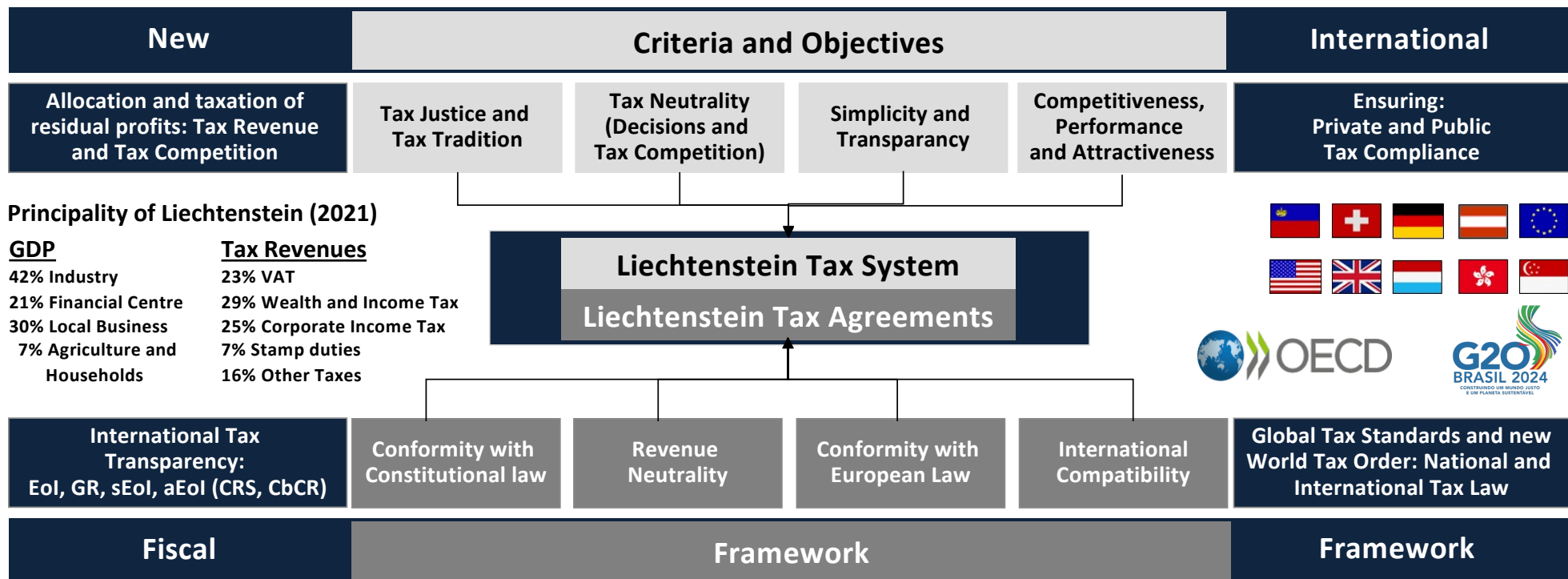
Voting Started		11/22/2023		11:18:25 AM	
A/C.2/78/L.18/Rev.1 (as a whole) Promotion of inclusive and effective international tax cooperation at the United Nations [Item 16 (h)], 25th meeting					
<input checked="" type="checkbox"/> ALBANIA	<input checked="" type="checkbox"/> CAMBODIA	<input checked="" type="checkbox"/> FINLAND	<input checked="" type="checkbox"/> KUWAIT	<input checked="" type="checkbox"/> NEPAL	<input checked="" type="checkbox"/> SAUDI ARABIA
<input checked="" type="checkbox"/> ALGERIA	<input checked="" type="checkbox"/> CANADA	<input checked="" type="checkbox"/> FRANCE	<input checked="" type="checkbox"/> KYRGYZSTAN	<input checked="" type="checkbox"/> NETHERLANDS (KIN...)	<input checked="" type="checkbox"/> SENEGAL
<input checked="" type="checkbox"/> ANDORRA	<input checked="" type="checkbox"/> CENTRAL AFR REP...	<input checked="" type="checkbox"/> GABON	<input checked="" type="checkbox"/> LAO PDR	<input checked="" type="checkbox"/> NEW ZEALAND	<input checked="" type="checkbox"/> SERBIA
<input checked="" type="checkbox"/> ANGOLA	<input checked="" type="checkbox"/> CHAD	<input checked="" type="checkbox"/> GAMBIA	<input checked="" type="checkbox"/> LATVIA	<input checked="" type="checkbox"/> NICARAGUA	<input checked="" type="checkbox"/> SWITZERLAND
<input checked="" type="checkbox"/> ANTIQUA-BARBUDA	<input checked="" type="checkbox"/> CHILE	<input checked="" type="checkbox"/> GEORGIA	<input checked="" type="checkbox"/> LEBANON	<input checked="" type="checkbox"/> NIGER	<input checked="" type="checkbox"/> SIERRA LEONE
<input checked="" type="checkbox"/> ARGENTINA	<input checked="" type="checkbox"/> CHIRIYU	<input checked="" type="checkbox"/> GERMANY	<input checked="" type="checkbox"/> LESOTHO	<input checked="" type="checkbox"/> NIGERIA	<input checked="" type="checkbox"/> SINGAPORE
<input checked="" type="checkbox"/> AUSTRALIA	<input checked="" type="checkbox"/> COLOMBIA	<input checked="" type="checkbox"/> GHANA	<input checked="" type="checkbox"/> LIBERIA	<input checked="" type="checkbox"/> NORTH MACEDONIA	<input checked="" type="checkbox"/> SLOVAKIA
<input checked="" type="checkbox"/> ARMENIA	<input checked="" type="checkbox"/> COMOROS	<input checked="" type="checkbox"/> GREECE	<input checked="" type="checkbox"/> LIBYA	<input checked="" type="checkbox"/> NORWAY	<input checked="" type="checkbox"/> SLOVENIA
<input checked="" type="checkbox"/> AUSTRALIA	<input checked="" type="checkbox"/> CONGO	<input checked="" type="checkbox"/> GUATEMALA	<input checked="" type="checkbox"/> LIECHTENSTEIN	<input checked="" type="checkbox"/> OMAN	<input checked="" type="checkbox"/> SOLOMON ISLANDS
<input checked="" type="checkbox"/> AZERBAIJAN	<input checked="" type="checkbox"/> COSTA RICA	<input checked="" type="checkbox"/> GUINEA	<input checked="" type="checkbox"/> LITHUANIA	<input checked="" type="checkbox"/> PAKISTAN	<input checked="" type="checkbox"/> SOMALIA
<input checked="" type="checkbox"/> BAHAMAS	<input checked="" type="checkbox"/> COTE D'IVOIRE	<input checked="" type="checkbox"/> GUINEA-BISSAU	<input checked="" type="checkbox"/> LUXEMBOURG	<input checked="" type="checkbox"/> PALAU	<input checked="" type="checkbox"/> SOUTH AFRICA
<input checked="" type="checkbox"/> BANGLADESH	<input checked="" type="checkbox"/> CUBA	<input checked="" type="checkbox"/> GUYANA	<input checked="" type="checkbox"/> MADAGASCAR	<input checked="" type="checkbox"/> PANAMA	<input checked="" type="checkbox"/> SOUTH SUDAN
<input checked="" type="checkbox"/> BARBADOS	<input checked="" type="checkbox"/> CYPRUS	<input checked="" type="checkbox"/> HAITI	<input checked="" type="checkbox"/> MALAWI	<input checked="" type="checkbox"/> PAPUA NEW GUINEA	<input checked="" type="checkbox"/> SPAIN
<input checked="" type="checkbox"/> BELARUS	<input checked="" type="checkbox"/> HONDURAS	<input checked="" type="checkbox"/> HUNGARY	<input checked="" type="checkbox"/> MALDIVES	<input checked="" type="checkbox"/> PARAGUAY	<input checked="" type="checkbox"/> SRI LANKA
<input checked="" type="checkbox"/> BELGIUM	<input checked="" type="checkbox"/> ICELAND	<input checked="" type="checkbox"/> INDIA	<input checked="" type="checkbox"/> MALI	<input checked="" type="checkbox"/> PERU	<input checked="" type="checkbox"/> SUDAN
<input checked="" type="checkbox"/> BELIZE	<input checked="" type="checkbox"/> INDONESIA	<input checked="" type="checkbox"/> IRAQ	<input checked="" type="checkbox"/> MALTA	<input checked="" type="checkbox"/> PHILIPPINES	<input checked="" type="checkbox"/> SURINAME
<input checked="" type="checkbox"/> BENIN	<input checked="" type="checkbox"/> JAPAN	<input checked="" type="checkbox"/> ISRAEL	<input checked="" type="checkbox"/> MARIANA ISLANDS	<input checked="" type="checkbox"/> POLAND	<input checked="" type="checkbox"/> SWITZERLAND
<input checked="" type="checkbox"/> BHUTAN	<input checked="" type="checkbox"/> JORDANIA	<input checked="" type="checkbox"/> ITALY	<input checked="" type="checkbox"/> MARSHALL ISLANDS	<input checked="" type="checkbox"/> PORTUGAL	<input checked="" type="checkbox"/> SYRIAN ARAB REP...
<input checked="" type="checkbox"/> BOLIVIA	<input checked="" type="checkbox"/> KAZAKHSTAN	<input checked="" type="checkbox"/> JAMAICA	<input checked="" type="checkbox"/> MAURITANIA	<input checked="" type="checkbox"/> REP OF KOREA	<input checked="" type="checkbox"/> TAJIKISTAN
<input checked="" type="checkbox"/> BOSNIA-HERZEGOV...	<input checked="" type="checkbox"/> KIRIBATI	<input checked="" type="checkbox"/> JERUSALEM	<input checked="" type="checkbox"/> MAURITIUS	<input checked="" type="checkbox"/> REP OF MOLDOVA	<input checked="" type="checkbox"/> THAILAND
<input checked="" type="checkbox"/> BOTSWANA	<input checked="" type="checkbox"/> KOSOVO	<input checked="" type="checkbox"/> JORDANIA	<input checked="" type="checkbox"/> MEXICO	<input checked="" type="checkbox"/> ROMANIA	<input checked="" type="checkbox"/> TIMOR-LESTE
<input checked="" type="checkbox"/> BRAZIL	<input checked="" type="checkbox"/> KUWAIT	<input checked="" type="checkbox"/> KAZAKHSTAN	<input checked="" type="checkbox"/> MONACO	<input checked="" type="checkbox"/> RUSSIAN FEDERATI...	<input checked="" type="checkbox"/> TOGO
<input checked="" type="checkbox"/> BRUNEI DARUSSAL...	<input checked="" type="checkbox"/> KYRGYZSTAN	<input checked="" type="checkbox"/> KAZAKHSTAN	<input checked="" type="checkbox"/> MONTENEGRO	<input checked="" type="checkbox"/> SAUDI ARABIA	<input checked="" type="checkbox"/> TONGA
<input checked="" type="checkbox"/> BULGARIA	<input checked="" type="checkbox"/> KUWAIT	<input checked="" type="checkbox"/> KAZAKHSTAN	<input checked="" type="checkbox"/> MOROCCO	<input checked="" type="checkbox"/> SAINT KITS-NEVIS	<input checked="" type="checkbox"/> TRINIDAD-TOBAGO
<input checked="" type="checkbox"/> BURUNDI	<input checked="" type="checkbox"/> KUWAIT	<input checked="" type="checkbox"/> KAZAKHSTAN	<input checked="" type="checkbox"/> MOZAMBIQUE	<input checked="" type="checkbox"/> SAINT LUCIA	<input checked="" type="checkbox"/> TUNISIA
<input checked="" type="checkbox"/> BURUNDI	<input checked="" type="checkbox"/> KUWAIT	<input checked="" type="checkbox"/> KAZAKHSTAN	<input checked="" type="checkbox"/> MYANMAR	<input checked="" type="checkbox"/> SAINT VINCENT-GR...	<input checked="" type="checkbox"/> TURKMENISTAN
<input checked="" type="checkbox"/> CAMBODIA	<input checked="" type="checkbox"/> KUWAIT	<input checked="" type="checkbox"/> KAZAKHSTAN	<input checked="" type="checkbox"/> NETHERLANDS	<input checked="" type="checkbox"/> SAMOA	<input checked="" type="checkbox"/> TUVALU
<input checked="" type="checkbox"/> CAMBODIA	<input checked="" type="checkbox"/> KUWAIT	<input checked="" type="checkbox"/> KAZAKHSTAN	<input checked="" type="checkbox"/> NIGERIA	<input checked="" type="checkbox"/> SAO TOME-PRINCIPE	<input checked="" type="checkbox"/> UGANDA
<input checked="" type="checkbox"/> CAMBODIA	<input checked="" type="checkbox"/> KUWAIT	<input checked="" type="checkbox"/> KAZAKHSTAN	<input checked="" type="checkbox"/> NIGERIA	<input checked="" type="checkbox"/> SAO TOME-PRINCIPE	<input checked="" type="checkbox"/> UGANDA

The new DTC between Italy and Liechtenstein



Liechtenstein Tax Strategy and Tax System: Legal and Economic Framework

Objective: Tax System for the 21st Century – Attractive, modern, efficient, performing, integrated & recognized
Liechtenstein as an international fully recognized International Business Location and Financial Centre in Europe



The new DTC between Italy and Liechtenstein



Liechtenstein International and European Tax Policy: Declarations and Milestones

Liechtenstein Declaration January 20, 2009: Total revision of the Liechtenstein Tax Act consistent with European law and International Tax Standards

Liechtenstein Declaration March 12, 2009: OECD Standard regarding the exchange of information and the avoidance of double taxation – ensuring rightful tax liabilities (past/present/future)

Liechtenstein Declaration November 14, 2013: OECD Standard regarding the automatic exchange of information and the avoidance of double taxation – ensuring rightful tax liabilities (past/present/future)

Liechtenstein Declaration March 04, 2016: OECD actions against Base Erosion and Profit Shifting (BEPS) – compatibility with global Tax Standards

Liechtenstein Declaration August 22, 2016: Liechtenstein ratifies the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MCAA)

Announcement dated November 14, 2017: EU Tax Good Governance Standards: Liechtenstein commits to comply with the requirements of the EU-MS-Code of Conduct Group (EU Blacklisting)

Publication dated February 21, 2019: Publication of the Financial Centre Strategy of the Liechtenstein Government

Announcement dated December 16, 2022: Introduction and implementation of global minimum taxation (Pillar 2/GloBE)

The new DTC between Italy and Liechtenstein



Liechtenstein Tax Strategy and Tax System: Concept, System and Dynamic Development

Concept and Basis: National, International and European Fiscal Framework

- » **Comprehensive International Tax System**
- » **System of Individual wealth and income as well as corporate income tax, VAT, excise and stamp duties, other taxes**
- » Basis for International Tax Cooperation and Compliance

Liechtenstein Tax System | Basis: Liechtenstein Tax Roadmap

- » Modern, attractive and efficient to raise the FL tax revenue ~ 1 bn. CHF
- » In conformity with European Law (EU/EEA): Fundamental Freedoms and Prohibition of State Aid
- » Compatible with International and European Tax Standards (Full International Tax Compliance)
- » Transparent and internationally recognised tax treatment of individuals and legal entities

Dynamic Development | International and European Fiscal Framework | Global Tax Standards

- » New Tax Regulation: Single Rule Book | International and European Standardization: G20/OECD, EU, UN, ...
- » Compliance with International Tax Transparency: (G20/OECD/EU): CRS | CbCR | EoI | GR | sEoI | aEoI
- » Compliance with BEPS-Standards | Adherence to Tax Good Governance Standards | Implementation of Minimum Tax

The new DTC between Italy and Liechtenstein



Liechtenstein Tax Treatment of Individuals

Liechtenstein Tax Treatment of Individuals

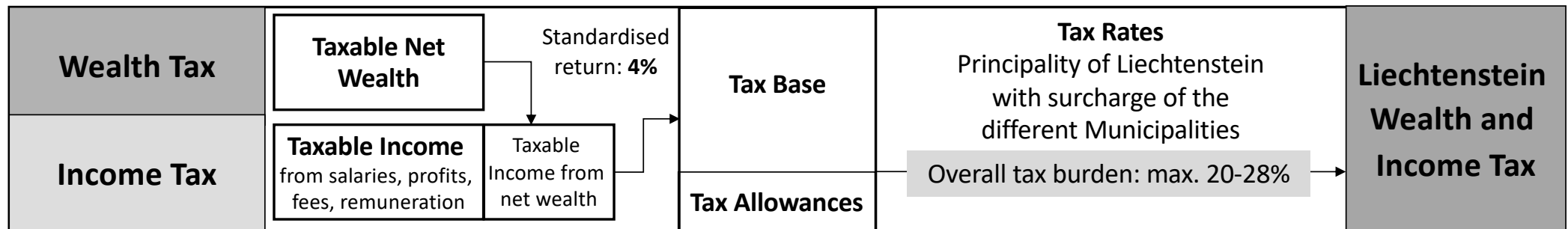
» Individual wealth and income tax system

- **Focus:** One-time taxation of market income
- **Integrated wealth and income tax system:** Full and continuous integration of a standardised return of 4% of the taxable net wealth into the further income subject to income tax

» Individual wealth and income tax liability

- **Unlimited tax liability of resident individuals** with their worldwide taxable net wealth and further income
- **Limited tax liability of non-resident individuals** with their domestic taxable net wealth and further income with a Withholding Tax on salaries, wages and Directors fees

» Progressive tax rates | Tax burden max. 20-28% depending on the municipal surcharge (range between 150-250%)



The new DTC between Italy and Liechtenstein



Liechtenstein Tax Treatment of Business Entities and Wealth Management Structures (1/2)

Liechtenstein Tax Treatment of Legal Entities: Business Entities and Wealth Management Structures

- » **Corporate income tax system: One-time taxation of market income**
 - **Corporate income tax** with flat rate (12.5%), Allowance for Corporate Equity and creditable minimum tax
 - Separate entity principle and international shareholder relief system to prevent organizational double taxation
 - Principle of dealing at arm`s length based on OECD transfer pricing guidelines
 - **No:** Preferential tax regimes (IP-Box), tax incentives (tax allowances: super deduction, Qualified refundable tax credits: QRTC) etc.
- » **All legal entities** are subject to corporate income tax according to the **same corporate income tax system**
 - SE, Plc (AG), Ltd (GmbH), Foundation (Stiftung), Establishment (Anstalt), Trust reg. and foreign legal entities with LI-PoEM
 - Legal entities that qualify as Private Asset Structures (PAS) are subject to the minimum tax only
 - Charitable Legal Entities are personally tax exempted from corporate income tax incl. the minimum corporate income tax
- » **Corporate income tax liability**
 - **Profits subject to corporate income tax** are determined based on the annual financial statements to be drawn up in accordance with the EU-harmonised LI-Persons and Companies Act (PGR), considering specific tax provisions for modifications (+/-)
 - **Unlimited tax liability:** Resident legal entities with domestic seat or place of effective management with world-wide profits
 - **Limited tax liability:** Non-resident legal entities with neither domestic seat nor PoEM with domestic profits
- » **Integration and Implementation:** International Tax Agreements (DTC, MLI, MC) and Tax Standards (OECD, EU, UN, ...)

The new DTC between Italy and Liechtenstein



Liechtenstein Tax Treatment of Business Entities and Wealth Management Structures (2/2)

Liechtenstein Tax Treatment of other Business Entities and Wealth Management Structures without Legal Personality

- » **International tax system: Tax transparency**
- » **Partnerships (without legal personality):** Taxation at the level of the respective individual and corporate domestic or foreign partners
- » **Trusts** (Minimum corporate income tax of CHF 1.800): Taxation at the level of the settlor and the beneficiaries
- » **Investment funds (UCITSG, AIFMG, IUG):** Taxation at the level of the respective individual and corporate investors
- » **Life insurance contracts:** Taxation at the level of the insurance company and the insures
- » **Integration and Implementation:** International Tax Agreements (DTC, MLI, MC) and Tax Standards (OECD, EU, UN, ...)

The new DTC between Italy and Liechtenstein



Liechtenstein Tax Agreements: DTC, MLI, TIEA, MC, TA, TACP, FATCA, MCAA

Double Taxation Conventions, Multilateral Instrument, Special Tax Agreements

In force: DTC, MLI



Initialed/signed: DTC



DTC in negotiation

TA (AT), TACP (UK LDF)



Tax Information Exchange Agreements, Multilateral Convention

In force: TIEA, TIEA⁺, MC, EoI, GR, sEoI, aEoI



MC: 138 countries and jurisdictions

- » Global Forum on Transparency and Exchange of Information for Tax Purposes: Peer Review EoI 2019 «Liechtenstein largely compliant»
- » OECD/IF: Peer Review CbCR (2022): «Liechtenstein meets all the terms of reference relating to the domestic legal and administrative Framework, regarding the exchange of information, and relating to the appropriate use of CbC Reports»

Global and European Tax Standards: Tax Transparency – Tax Regulation – No listing on EoI

In force: OECD/G20 (BEPS, FHTP: Actions 5, 6, 13, 14), EU/EEA (EEA-A, EU-ATAP, EU-MS-CoC)



In force: US (FATCA: Model I), OECD/G20 (MC, CRS, CRS-MCAA, CbCR-MCAA), FL/EU- (aEoI-A)






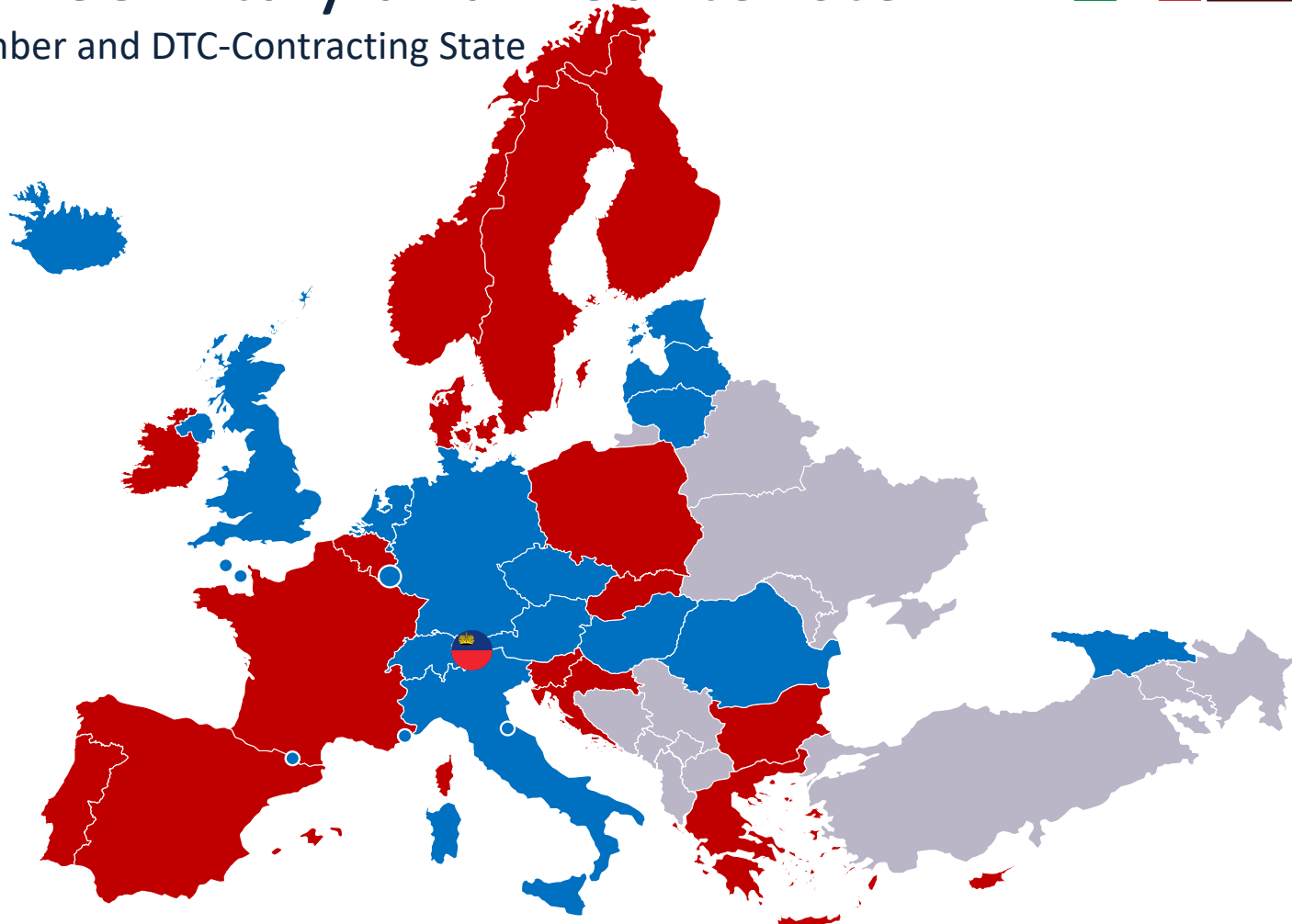
- » Common Reporting Standard (CRS): MC, CRS-MCAA (aEoI, early adopter), FL-aEoI-Act, FL-aEoI-Order: 28 (2016), 61 (2017), 88 (2018), 108 (2019), 111 (2020), 114 (2021), 121 (2022), 124 (2023) states and jurisdictions; Peer Review CRS 2022: Liechtenstein «CRS in Place» | Legal framework: In Place; Effectiveness in practice: On Track
- » Country-by-Country Reporting: MC, CbCR-MCAA/CAA-USA (aEoI, BEPS), FL-CbCR-Act, FL-CbCR-Order: 55 (2017), 62 (2018), 74 (2019), 83 (2020), 89 (2021), 95 (2022), 100 (2023) states and jurisdictions
- » Tax Rulings: MC, FL-Tax Act, FL-EoI-Act (sEoI, BEPS)

The new DTC between Italy and Liechtenstein



Liechtenstein in Europa: EEA-Member and DTC-Contracting State

-  DTC-Contracting States
-  EEA-Member States, no DTC yet
-  Other European Countries



The new DTC between Italy and Liechtenstein



Countries and Jurisdictions: Compare your country | International Tax Framework: BEPS

Anti-Base Erosion and Profit Shifting (BEPS): Criteria	Austria	Germany	Italy	Liechtenstein
Inclusive Framework on BEPS membership	Yes	Yes	Yes	Yes
Two-pillar plan to address the tax challenges arising from the digitalisation of the economy (October 2021)	Participates in agreement	Participates in agreement	Participates in agreement	Participates in agreement
Existence of harmful tax regimes (BEPS Action 5)	Not harmful (no harmful regime exists)	Not harmful (no harmful regime exists)	Not harmful (no harmful regime exists)	Not harmful (no harmful regime exists)
Exchange of information on tax rulings (BEPS Action 5)	Reviewed / no recommendations	Reviewed / no recommendations	Reviewed / no recommendations	Reviewed / no recommendations
Preventing treaty abuse (BEPS Action 6)	2022 review completed	2022 review completed	2022 review completed	2022 review completed
CbC – Domestic law (BEPS Action 13)	Legal framework in place	Legal framework in place	Legal framework in place	Legal framework in place
CbC – Information exchange network (BEPS Action 13)	Activated	Activated	Activated	Activated
Effective dispute resolution (BEPS Action 14)	Stage 2 reviewed, recommendations made	Stage 2 reviewed, recommendations made	Stage 2 reviewed, recommendations made	Stage 2 reviewed, recommendations made
Multilateral Instrument (BEPS Action 15)	In force	In force	Signed	In force

The new DTC between Italy and Liechtenstein



Countries and Jurisdictions: Compare your country | International Tax Transparency (1/4)

Exchange of Information on Request (EoIR): Criteria	Austria	Germany	Italy	Liechtenstein
Global Forum Membership	Yes	Yes	Yes	Yes
EoIR Rating Round 1	Largely compliant	Largely compliant	Largely compliant	Largely compliant
EoIR Rating Round 2	Largely compliant	Largely compliant	Compliant	Largely compliant
Mutual Administrative Assistance Convention	In force	In force	In force	In force

Automatic Exchange of Information (AEoI): Criteria	Austria	Germany	Italy	Liechtenstein
Commitment to AEoI (CRS)	2018	2017	2017	2017
CRS MCAA signed	Yes	Yes	Yes	Yes
Legal frameworks' assessment	In place	In place	In place	In place
Initial review of effectiveness in practice of AEoI	On track	On track	On track	On track
Mutual Administrative Assistance Convention	In force	In force	In force	In force

The new DTC between Italy and Liechtenstein



G20/OECD-Global Forum: Overall Rating on the Implementation of the EOIR Standard in 2022

Jurisdiction	Exchange of Information on Request (EOIR) Peer Reviews, 9 November 2022	
	Round 1: Overall Rating	Round 2: Overall Rating
Austria	Largely Compliant	Largely Compliant
Germany	Largely Compliant	Largely Compliant
Ireland	Compliant	Compliant
Italy	Largely Compliant	Compliant
Liechtenstein	Largely Compliant	Largely Compliant
Luxembourg	Largely Compliant	Largely Compliant
Switzerland	Largely Compliant	Largely Compliant
United States	Largely Compliant	Largely Compliant

Source: Global Forum on Transparency and Exchange of Information for Tax Purposes, Global Forum Annual Report, November 2022

The new DTC between Italy and Liechtenstein



G20/OECD-Global Forum: Overall Rating on the Implementation of the AEOI Standard in 2022

Jurisdiction	Review of the AEOI legal frameworks			Initial review of effectiveness in practice of AEOI		
	Core Requirement 1 (domestic legal framework)	Core Requirement 2 (international legal framework)	Overall determination	Core Requirement 1 (domestic info. collection and reporting)	Core Requirement 2 (international information exchange)	Overall rating
Austria	In Place	In Place	In Place	On Track	On Track	On Track
Germany	In Place	In Place	In Place	On Track	On Track	On Track
Ireland	In Place	In Place	In Place	On Track	On Track	On Track
Italy	In Place	In Place	In Place	On Track	On Track	On Track
Liechtenstein	In Place	In Place	In Place	On Track	On Track	On Track
Luxembourg	In Place	In Place	In Place	On Track	On Track	On Track
Switzerland	In Place But Needs Improvement	In Place	In Place But Needs Improvement	On Track	On Track	On Track

Source: Global Forum, Peer Review of the Automatic Exchange of Financial Account Information, November 2022

The new DTC between Italy and Liechtenstein



Automatic Exchange of Information (AEOI/CRS): Reporting Financial Institutions and Accounts in 2021

Country	Financial Institutions reporting Financial Accounts in 2021	Financial Accounts reported in 2021	Number of exchange partners to which information was successfully sent in 2022 (update: 29 November 2023)
Austria	505	1 297 139	78
Germany	3 956	6 984 924	80
Ireland	5 969	2 336 574	81
Italy	2 237	1 636 046	77
Liechtenstein	4 731	362 912	79
Luxembourg	6 730	2 868 125	83
Switzerland	4 348	3 403 874	81

Source: OECD, Global Forum | Peer Review of the Automatic Exchange of Financial Account Information, November 2022 (Update November 2023).

The new DTC between Italy and Liechtenstein



DTC Italy/Liechtenstein (DTC IT/LI)

International Tax Framework (OECD, EU)

- Modern DTC following OECD-MC, MLI, BEPS
- European Framework (IT & LI): EU-/EEA
- Specific Protocols to the DTC

Application of the DTC: Art 1-5

- Title, Preamble, Principle Purpose Test
- Scope: persons, taxes, nat tax systems
- Definitions & Residence incl. pension funds & charitable entities, CJEU

Business & Investment Income: Art 6-13

- PE-Definition acc. to MC and MLI
- WHT on dividends, interest and royalties
- Capital gains realised by RE Companies
- Business profits vs. independent personal services

Arbitration

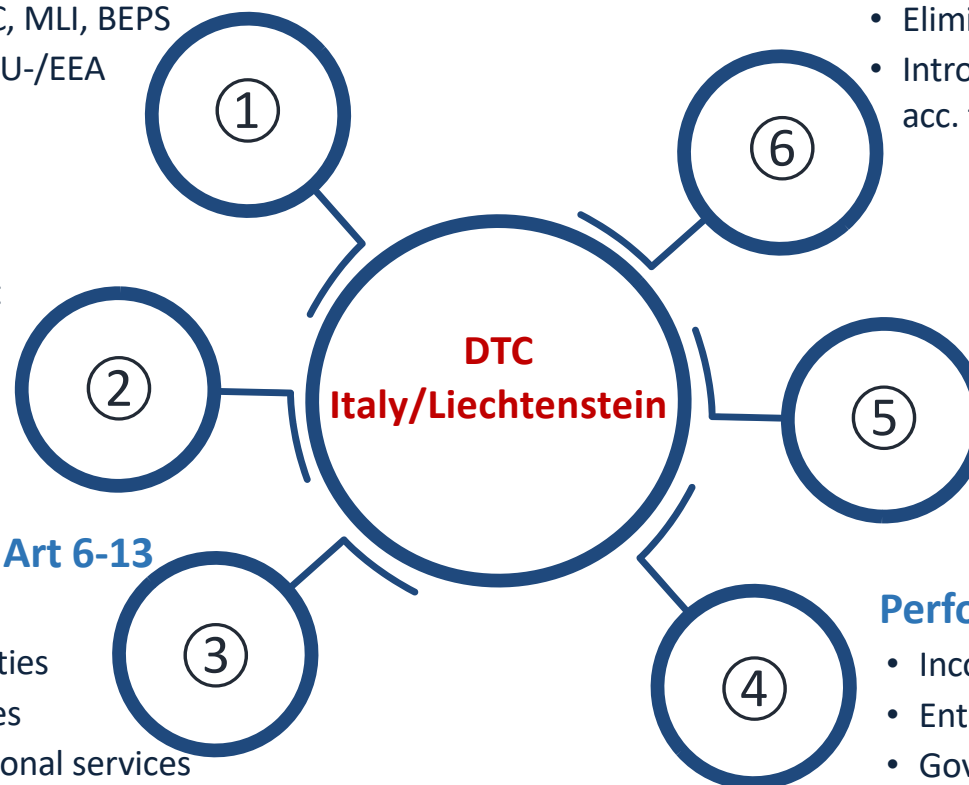
- Eliminate unresolved double taxation issues
- Introduce dispute resolution mechanism acc. to BEPS-Minimum Standards

Eol and collection of taxes

- Comprehensive Eol-Standard: EoIR, AEol
- Assistance in collection of taxes

Performance Income: Art 14-19

- Income from employment & directors fees
- Entertainers and sportspersons
- Government services



The new DTC between Italy and Liechtenstein



Liechtenstein | International Tax Architecture | Liechtenstein Tax Law | DTC Italy/Liechtenstein

La nuova convenzione in materia tributaria tra Italia e Liechtenstein

Seminario di diritto tributario internazionale

Rome, 12 December 2023



Professor Dr Martin Wenz

Chair in Business Taxation and the Laws of
International and Liechtenstein Taxation

Liechtenstein Business Law School

Academic Head Liechtenstein Executive School

University of Liechtenstein, Vaduz



UNIVERSITÄT
LIECHTENSTEIN

© 2023 Professor Dr Martin Wenz | University of Liechtenstein | Vaduz