Italy; Liechtenstein

Italy and Liechtenstein Sign Tax Treaty

13 July 2023

Report from IBFD Tax Treaties Unit

On 12 July 2023, Italy and Liechtenstein signed an income tax treaty during a virtual signing ceremony. The treaty adheres to international standards set by the OECD and the OECD/G20 BEPS project. It addresses cross-border double taxation and includes measures to prevent base erosion and profit shifting, promoting fairness and transparency in taxation.

The treaty ensures the avoidance of double taxation and implements income tax reductions. To encourage cross-border investments, a zero tax rate is applied to group dividends in relation to withholding taxes. To address challenging cases of double taxation, the treaty incorporates an arbitration clause and an additional protocol on arbitration within the provisions of the mutual agreement procedure.

In line with international standards, the DTA includes provisions for the exchange of information, facilitating administrative assistance for enforcement purposes. The automatic exchange of information will continue through the existing AEOI (Automatic Exchange of Information) agreement between Liechtenstein and the European Union. The treaty will enter into force and will become effective once both countries have completed the necessary legislative procedures. Further developments will be reported as they occur.

Treaty texts are published in the Treaties collection on *IBFD's Tax Research Platform*, as available.

Italy; Liechtenstein - Italy and Liechtenstein Sign Tax Treaty (13 July 2023), News IBFD.