

Competent Authority Agreement

The Competent Authorities of Ireland and Switzerland enter into the following agreement concerning the correct application of paragraph 3 of Article 3 of the Convention between Ireland and Switzerland for the avoidance of double taxation with respect to taxes on income and capital (the "Convention"). The Competent Authority Agreement is entered into under paragraph 3 of Article 25 (Mutual Agreement Procedure) of the Convention.

Paragraph 3 of Article 3 of the Convention reads as follows:

“Where under any provision of the Convention a partnership is entitled to exemption from Irish tax as a resident of Switzerland on any income, such a provision shall not be construed as restricting the right of Ireland to charge any member of the partnership, being a person who is resident in Ireland for the purposes of Irish tax (whether or not he is also resident in Switzerland for the purposes of Swiss tax), to tax on his share of the income of the partnership; but any such income shall be deemed for the purposes of Article 22 to be income from sources within Switzerland”.

In order to reach the result intended by the Contracting States, the competent authorities of Ireland and Switzerland hereby confirm their common understanding of this paragraph:

- This provision is intended to cover any case where a partnership that is a resident of Switzerland is exempt from Irish tax under the Convention.
- The purpose of the paragraph is to confirm Ireland’s right to charge its own residents (that is, the Irish-resident members of the Swiss partnership) to tax on their share of the partnership income.
- The above principle still applies where one or more entities or trusts are interposed between the partnership and the said Irish-resident members, where the income is attributable to such members. Where, for example, corporate partners are resident outside Ireland, the term *“member of the partnership”* in paragraph 3 of Article 3 would include the Irish-resident beneficiaries of the partnership income where the said partners are acting in a trustee capacity for those beneficiaries. Therefore, paragraph 3 of Article 3 will apply where the Swiss partnership, comprising corporate partners

resident outside Ireland who act in a trustee capacity, is in receipt of covenanted income or gains which are payable to the Irish-resident members.

Agreed to by the undersigned Competent Authorities:

Ann O'Driscoll

Irish Competent Authority

Date: 18.9.2015

Pascal Duss

Swiss Competent Authority

Date: 17.9.2015