AGREEMENT

between the Swiss Federal Council and the Commission of the European Communities with a view to avoiding the double taxation of retired officials of the institutions and agencies of the European Communities resident in Switzerland

THE SWISS FEDERAL COUNCIL, and

THE COMMISSION OF THE EUROPEAN COMMUNITIES,

HAVING REGARD TO the undertaking by the European Communities and their Member States, on the one hand, and the Swiss Confederation, on the other, in the joint declaration enclosed to the final act of the seven agreements signed at Luxembourg on 21 June 1999, to seek an adequate solution to the problem of double taxation of pensions of retired officials of the institutions of the European Communities resident in Switzerland,

DESIROUS of preventing such double taxation,

HAVE AGREED AS FOLLOWS:

Article 1

This agreement shall apply to pensions paid by, or out of funds created by, the Commission, to individuals domiciled or resident in Switzerland for the purposes of Swiss tax law, in respect of services rendered to one of the institutions or agencies of the European Communities.

Article 2

On condition that tax is actually deducted at source from the above pensions by the Commission, Switzerland shall exempt such pensions from federal, cantonal or communal tax in accordance with the principles of its domestic law.

Article 3

The term "pension" covers invalidity, retirement and survivors' pensions, invalidity allowances and termination-of-service allowances and includes family allowances paid by the Commission. It covers both periodic payments and lump-sum benefits granted in this context.

Article 4

This agreement shall also apply to pensions paid by the European Investment Bank, the European Central Bank and the European Investment Fund.

Article 5

This agreement shall enter into force on the first day following the second notification of completion of the approval procedures by the respective parties. It shall apply to pensions paid by the Commission from 1 January of the year following the date of its entry into force.

Article 6

This agreement may be terminated by either party by giving written notice six months before the end of a calendar year. In that case, the agreement shall cease to apply to pensions paid from 1 January of the year following the date of termination.

Article 7

This agreement is drawn up in duplicate in the English, French, German and Italian languages, each of these texts being equally authentic.

Done at Luxembourg on the 26 October 2004

For the Swiss Federal Council

For the Commission of the European Communities