

**INCOME TAX ACT, 1948  
(ACT NO.LIV OF 1948)**

**Double Taxation Relief (Ships and Aircraft) (Swiss Federation)  
Order, 1988**

IN exercise of the powers conferred by section 68A of the Income Tax Act, 1948, the Minister of Finance has made the following order:-

1. This order may be cited as the Double Taxation Relief (Ships and Aircraft) (Swiss Federation) Order, 1988. Citation
  
2. It is hereby declared that - Taxes covered  
and  
commencement.
  - (a) the Schedule to this order has been agreed and made with the Swiss Federal Council with a view to affording relief from double taxation in relation to the taxation of shipping and aviation companies in Malta and in Switzerland, hereinafter referred to as “a Contracting State” and “the other Contracting State” as the context requires,
  
  - (b) reference to the tax levied in Switzerland includes federal, cantonal and communal tax, and
  
  - (c) it is expedient that this agreement should have effect as from the 30th March, 1987.

**SCHEDULE**

Agreement between the Swiss Federal Council and the Government of the Republic of Malta:

1. Profits derived by an enterprise of a Contracting State from the operation of ships or aircraft in international traffic shall be exempt from any tax on income or on profits in the other Contracting State. This exemption shall also apply to profits from the participation in a pool, a joint business or an international operating agency.
  
2. Capital of an enterprise of a Contracting State represented by ships and aircraft and by movable property pertaining to the operation of such ships and aircraft in international traffic shall be exempt from any tax on capital in the other Contracting State.

3. The term “enterprise of a Contracting State” means an enterprise which is effectively managed and controlled in that State. The term shall be deemed to include any enterprise in which the Contracting State has a share or which is carried on by the Contracting State.

4. The term “operation of ships or aircraft” means the business of transporting persons or cargo by the owner, hirer or charterer of ships or aircraft.

5. The term “international traffic” means any transport by a ship or aircraft operated by an enterprise of a Contracting State except when the ship or aircraft is operated solely between places in the other Contracting State.

6. The exemption provided for in paragraphs 1 and 2 hereof shall be granted with respect to any tax levied in either Contracting State for any year of assessment beginning after 31st December, 1977.

7. Each Contracting State reserves the right to withdraw the present declaration at the end of a calendar year after six months’ prior notice; in such an event the exemption provided for in paragraphs 1 and 2 shall apply for the last time to any tax levied in either Contracting State for the year of assessment commencing on 1st January of the year immediately following that calendar year.