Pensions

Key data
Date of signing: 26 October 2004 (in the framework of Bilaterals II)
Date effective: 31 May 2005

In the past, retired EU officials wishing to spend their retirement in Switzerland were at a disadvantage: their pensions were liable to double taxation. The Bilateral Agreement on pensions between the EU and Switzerland has eliminated this discriminatory treatment.

The Agreement only affects around 50 people, but rectifies a problem that has existed for many years. The EU levies a source tax on the pensions of former EU officials. And, in the past, Switzerland again charged pensioners residing in Switzerland income tax on the remaining amount. The Bilateral Agreement between Switzerland and the EU has removed this double taxation as Switzerland has waived the second taxation. Nevertheless, the tax-exempt pensions can be taken into account when determining the tax rate applicable to other taxable income of the pensioners.

This ruling only affects former officials of EU institutions with their place of residence in Switzerland. EU institutions are the European Parliament, the European Commission, the Council of the European Union and the European Court of Justice.