

The Ambassador of Canada to the Swiss Federal Councillor

Berne, October 21, 2010

Mr. Hans-Rudolf Merz
Federal Councillor
Head of the Federal Department of Finance
BERNE

Dear Federal Councillor Merz,

I have the honour to refer to the Protocol (the "Protocol") to be signed on October 22, 2010 between the Government of Canada and the Swiss Federal Council amending the *Convention between the Government of Canada and the Swiss Federal Council for the Avoidance of Double Taxation with respect to Taxes on Income and on Capital*, done at Berne on May 5, 1997 (the "Convention").

I therefore have the honour to propose, on behalf of the Government of Canada, that in the event that pursuant to an agreement or convention concluded by Canada after the date of signature of the Protocol with a country that is a member of the Organisation for Economic Co-operation and Development, Canada agrees to a rate of tax on dividends, interest, or royalties lower than that provided for in the Convention, the appropriate authorities of the Contracting States of the Convention shall consult at the earliest opportunity with respect to further reductions in the withholding taxes provided for in Articles 10, 11 and 12 of the Convention.

If the above proposal is acceptable to your Government, I further propose that this Letter, which is authentic in English and in French, and your reply reflecting such acceptance shall constitute an agreement between our two Governments which shall enter into force on the date of entry into force of the Protocol.

Please accept, Federal Councillor Merz, the assurance of my highest consideration.

Roberta Santi
Ambassador of Canada
to Switzerland