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**Swiss taxpayers:
The Swiss voluntary disclosure program (VD) and Automatic Exchange of
Information (AEI):**

The VD procedure applies to undeclared assets and income wherever located and exempts individuals and companies from fines and criminal. The VD program represents the only concrete opportunity for Swiss taxpayers to regularize their tax situation without incurring administrative and criminal sanctions.

The many political attempts to introduce a general Swiss tax amnesty have not been successful up to now.

The new global standard for the Automatic Exchange of Information (AEI), relevant for tax purposes:

In accordance with the Multilateral Agreement between Switzerland and the European Union, as well as agreements with a multitude of other European and non-European countries, the implementation of the AEI involved the collection of all tax relevant information as per 01.01.2017. On 30th September 2018, the tax administrations of the various countries have exchanged information for the first time.

For Swiss taxpayers, the Federal Tax Administration and the Cantonal Authorities have as a consequence, received from 1st October 2018 onwards the first bits of information on the foreign assets and income of which Swiss residents are the owners and beneficiaries.

The complete and updated list of countries with which Switzerland already has exchanged respectively will exchange information, can be downloaded here:

https://www.sif.admin.ch/sif/en/home/multilateral/steuer_informationsaust/automatischer-informationsaustausch/automatischer-informationsaustausch1.html

For Swiss taxpayers who have banking relationships in AEI convention countries, or are beneficiaries of financial entities such as domiciliary companies, operating entities, trusts and foundations, established abroad with assets in financial institutions based in a foreign state that is a signatory to the AEI, the Swiss tax authorities has therefore already obtained respectively will obtain from that state, all the tax relevant information.

Briefly, such information applies to:

- elements regarding the identification of the banking relationship;
- personal details of the holder of the banking relationship or of the person who appears to be the beneficial owner or the person who exercises control on what is then considered to be an entity;
- tax identification data of the beneficial owner or the person who 'controls' the entity;
- income from capital;
- Balances of financial accounts, proceeds from the sale of financial assets or income from certain insurance contracts.

How the VD program will exempts individuals (and companies) from penalties and how it is a unique tool for tax regularization:

Considering the above, the VD procedure exempts individuals from fines and criminal prosecution. It has therefore become an essential and unique instrument to regularize what has been evaded by the taxpayer.

It is worth remembering that in the case of tax evasion of which the Swiss authorities become aware (therefore not applying the VD program) , in addition to the recovery of income and wealth taxes for a maximum period of 10 years, and default interests which are calculated according to the interest rate in force at the relevant tax period, there is a fine that is the equivalent of 100% of the tax evaded (reduced to a third in the case of slight fault), that can be increased three times in the case of severe offence.

Conditions and assumptions for operating successfully the VD with exemption from penalties: (see Ticino tax code articles 258, 265a, 269).

- The disclosure of the undeclared assets and income must be spontaneous and implemented the first-time round which allows the taxpayer a once and only opportunity to the disclosure without incurring fines and also be sheltered from criminal proceedings for offences connected with tax evasion (eg. tax fraud and forgery in documents);
- Where the authorities were not aware of the evasion, the taxpayer can within a short time, anticipate the VD especially in cases where the knowledge of the evasion by the tax administration was perhaps inevitable in the case of information that the tax authorities would obtain anyway with the AEI.
- The taxpayer must particularly notify the disclosure in all its elements, stating the provisions of the VD as exempting him or her from penalties and must ensure that there is a full collaboration with the authorities so that the correct amount of tax evaded can be determined and the taxpayer commits himself or herself to that payment.

- Those who can avail themselves of the VD procedure, are, besides natural persons, also legal entities and individuals who have participated in or instigated and contributed to the tax evasion of the taxpayer (see Art. 260 Ticino tax code) which provides in addition to the fine for who helps or instigates the tax evasion, also joint liability for the taxes evaded).
- In this analogy, the VD is applicable to the individual spouse who has instigated or is complicit in the tax evasion of the other spouse.

It is underlined that the voluntary disclosure program applies to all and any income and/or wealth element worldwide (and not only to financial income and wealth already subject to implemented AEIO), such as real estate properties abroad, insurance policies, participation in capital of foreign companies, etc.

We remain at your disposal for any further information on the topics covered above

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