

# Switzerland details on sharing tax info with foreign nation

Heralding an end to its banking secrecy wall, Switzerland will now share bank account and other details with foreign countries, including India, even without prior intimation to concerned persons and on the basis of queries emanating from stolen data.

The move comes as a shot in the arm for foreign authorities, including from India, who have been trying hard for years to get information about suspected illicit funds parked in Swiss banks.

The Swiss Federal Council's detailed statement on sharing tax information comes a day after the country inked the OECD's Multilateral Convention on Mutual Administrative Assistance in Tax Matters. The signing of the pact allows for automatic exchange of information and mutual administrative assistance in tax matters with overseas authorities.

Known for its banking secrecy, Swiss government's proposal of deferred notification of taxpayers in "exceptional cases" would soon be discussed by (Swiss) Parliament.

Under the existing law, taxpayers had to be notified without exception before data concerning them was transmitted to the requesting state.

"Based on the results of the consultation procedure, the Federal Council has specified in its draft that deferred notification of taxpayers is possible only in exceptional cases," the Swiss government said today.

Besides, the country which is putting forward the request would have to substantiate the same.

"The requesting state will also have to substantiate its request, e.g. by claiming the investigation would risk being compromised in the event of prior notification," it said. Noting that group requests are already possible under the existing law, the Federal Council said that in order to improve efficiency, the revision provides for a notification procedure that is tailored to group requests.

As per the draft, which would be put up before the Parliament, Federal Council is given the power to determine the contents required for group requests and while doing so, international standards would also be taken into account.

The deferred notification clause would have to be incorporated by amending the Tax Administrative Assistance Act and the proposal was kept for public consultations.

Consultations were conducted from August 14 to September 18, 2013.

In Switzerland, all matters related to legislation and changes in existing laws are made available for public comments before seeking Parliamentary nod.

"The proposal concerning the deferred notification of persons who are the subject of administrative assistance proceedings was received positively by the majority.

"Switzerland will thereby fulfil the applicable international standard. Under the existing law, taxpayers had to be notified without exception before data concerning them was transmitted to the requesting state," the Federal Council said in the statement.

Meanwhile, the Federal Council said the issue of administrative assistance requests based on stolen data met with strong opposition during the consultation.

"The Federal Council wished to break the deadlock whereby Switzerland is unable to respond to numerous requests due to a very restrictive practice in this area," it said.

According to the consultation draft, Switzerland could have responded to requests on the strict condition that the requesting state acquired the data lawfully and passively such as from another country.

Switzerland would have continued to refrain from responding to requests based on data acquired actively, the statement said.

"This easing would also have created more favourable conditions for Switzerland with regard to the Global Forum, which examines the efficiency of administrative assistance in practice during phase 2.

"However, those who participated in the consultation procedure rejected all changes of practice. Consequently, the Federal Council has decided not to include the planned provision," the statement said.

During the summit in September 2013, the G-20 members - including India -- had again urged all jurisdictions to implement the Global Forum's recommendations without delay.

"This appeal was addressed particularly to those states which, like Switzerland, have not yet been admitted to the second phase of the peer review," the statement said.

The peer review of countries are done under the aegis of Global Forum on Transparency and Exchange of Information for Tax Purposes.

(Money Control)