

Tax evasion: Swiss government agrees to share group information

Switzerland has agreed to provide information to other nations with respect of 'group of taxpayers', which will help tax authorities from other countries seek information about likely tax evaders without naming them individually.

This is expected to help governments access information about its nationals believed to have stashed away wealth in the country's banks.

"Now international administrative assistance has to be granted also for groups of taxpayers and not only in individual cases," the Swiss Federal Department of Finance said in a statement on Wednesday. It clarified that roving queries, or the so called 'fishing expeditions' or requests for info without concrete indications will not be entertained.

"In the case of group requests, the persons concerned must be identified by means of specific search criteria," the statement said. Switzerland has been under intense international pressure to change its bank secrecy law to help the global crackdown on illicit fund flows.

The latest change in the rules comes after the country agreed to the updated Article 26 of the Organisation for Economic Co-operation and Development (OECD) Model Tax Convention, the international standard on exchange of information between two countries.

"The standard provides for information exchange on request, where the information is "foreseeably relevant" for the administration of the taxes of the requesting party, regardless of bank secrecy and a domestic tax interest," the OECD said.

Switzerland said its representative at the OECD had in the meeting on Tuesday accepted the amendment in the 'Model Convention on tax administrative assistance' which includes group requests in the standard. "The new Article 26 facilitates exchange of tax information among law enforcement agencies to fight tax crimes and other criminal activities more effectively," the OECD said.

The standard clearly lays down that the state requesting information has to provide a detailed description of the group and the specific facts and circumstances.

The request has to also clearly state the law and the reasons the requesting state believes the taxpayers in the group about whom information is requested have violated that law.

The request has to be supported by clear facts and also establish that the information would help in compliance by the taxpayers in the group.

The changes were approved by the 34-member countries of OECD and Argentina, India, China, the Russian Federation and South Africa that participated meeting of the Committee on Fiscal Affairs.

(Economic Times)