

The automatic exchange of information

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FATCA inspired a global standard. In 2014, the OECD adopted the Common Reporting Standard for the automatic exchange of financial account information, under which financial institutions identify the tax residence of their account holders and report the accounts of foreign residents to their national tax authorities, which exchange the information automatically with the tax authorities of the countries of residence. More than one hundred jurisdictions committed to implementing the standard.¹

Switzerland signed the Multilateral Competent Authority Agreement in 2014 and adopted the Federal Act on the International Automatic Exchange of Information in Tax Matters in 2015. The automatic exchange began on 1 January 2017 with the European Union and several other states, with the first data exchanged in 2018. The European Union and Switzerland replaced the Savings Tax Agreement with an agreement on the automatic exchange of information. Switzerland gradually extended the exchange to more than one hundred partner states, choosing them according to criteria of confidentiality, data protection and reciprocity.²

The automatic exchange of information completed the end of banking secrecy for foreign clients. A foreign resident who holds an account in a Swiss bank can no longer expect his home tax authorities to remain ignorant of it. The bank reports his name, address, tax identification number, account balance and income to the Swiss Federal Tax Administration, which transmits the data to the authorities of his country of residence. The distinction between evasion and fraud has lost its significance in this context, since information is exchanged regardless of any suspicion.

1 Notes

1. On the OECD Common Reporting Standard (CRS) and the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information, adopted in 2014, see the OECD publications. To be verified. ↩
2. On the Federal Act of 18 December 2015 on the International Automatic Exchange of Information in Tax Matters (AEOIA, SR 653.1), in force since 1 January 2017, the first exchange of data in September 2018 and the extension to more than 100 partner states, see the publications of the State Secretariat for International Finance and the Federal Tax Administration. To be verified. ↩

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