

FATCA

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Alongside the prosecutions, the United States adopted in 2010 a statute, the *Foreign Account Tax Compliance Act*, which requires foreign financial institutions to report to the American tax administration information on the accounts of American taxpayers, on pain of a 30 per cent withholding on certain income of American source.¹ In February 2013, Switzerland signed an agreement for the implementation of this statute, which Parliament approved.²

According to a presentation published in 2014, FATCA came into force on 1 July 2014 and means that Swiss banks inform the American tax authorities of the accounts of American clients above a certain threshold.³ The Swiss agreement is based on a model under which the banks transmit the information directly to the American administration, with the clients' consent, while the data of recalcitrant clients can be obtained by way of group requests.⁴

FATCA had considerable consequences for the Geneva banks. Many reduced or ended their relationships with American clients, who were considered too costly and too risky. American citizens resident in Switzerland found it difficult to open or keep a bank account. The institutions had to identify indicia of US status among their clients, document their status and put reporting systems in place.

1 Notes

1. “Faut-il croire en la fin du secret bancaire suisse ?”, *Le Petit Juriste*, 5 February 2014. ↩
2. *Le Petit Juriste*, cited above; swissinfo.ch, “UBS versus USA, une longue histoire”, cited above. ↩
3. “Perte du secret bancaire, impression de déjà vu ?”, *welcome-suisse.ch*, 2014. ↩

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4. State Secretariat for International Finance, “FATCA” page (sif.admin.ch): the FATCA agreement under Model 2 has been in force since 2 June 2014 and applied since 30 June 2014; a new agreement under Model 1, providing for the reciprocal automatic exchange of information between competent authorities, was signed on 27 June 2024; its entry into force is expected on 1 January 2029 at the earliest.



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