

Credit Suisse and the insurance wrappers, 2016

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In March 2016 the public prosecutor's office in Milan opened an investigation into Credit Suisse concerning the alleged use of insurance policies to conceal the assets of Italian clients from the Italian tax authorities. According to the reports, the structures involved life insurance policies linked to entities in Liechtenstein and Bermuda, which held assets of about EUR 14 billion for 13,000 to 14,000 Italian clients. On 21 October 2016 Credit Suisse agreed to pay EUR 109.5 million to settle the case: EUR 8.5 million for administrative breaches and EUR 101 million in taxes, interest and penalties.¹ In July 2017 the Guardia di Finanza was reported to have asked Switzerland for information on 9,953 financial positions held by Italian citizens at Credit Suisse, with deposits of about EUR 6.7 billion, of which 3,297 holders had already been identified through the voluntary disclosure programme.² Chapter E.II discusses the group requests that followed.

1 PKB and UBS, 2018–2020

In November 2018 the Milan prosecutors searched the premises connected with an investigation of eighteen managers and employees of PKB Privatbank, a Lugano bank that controls the Milan bank Cassa Lombarda. According to the prosecutors, 198 Italian clients had transferred about EUR 409 million to the bank in Lugano to conceal it from the Italian tax authorities before regularizing it through the voluntary disclosure procedure.³ The investigators described systematic and periodic meetings between bank managers and clients intended to conceal capital and move funds to Switzerland. The charges under investigation included criminal association, money laundering and tax fraud. In February 2020 the press reported that the bank had closed the tax dispute with the Italian authorities by paying about EUR 8.5 million and that the criminal investigation was moving towards its conclusion. The available sources do not record a judgment against any individual.⁴

UBS settled a larger case in 2019. The bank agreed with the Agenzia delle Entrate to pay EUR 101.8 million under an adhesion procedure (*accertamento con adesione*) covering the years 2012 to 2017. The settlement concerned the failure to declare capital income and business income and penalties for breaches of the rules on fiscal monitoring.⁵ Other reports put the total at EUR 111.5 million and said that the investigation had brought to light an internal manual describing the precautions that UBS wealth managers should take when they came to Italy, without authorization, to meet clients. The same reports said that the Milan prosecutors had extended their inquiries to 219 other banks in Luxembourg, Liechtenstein, Monaco and elsewhere.⁶ The UBS case combined the two Italian theories described above: the unauthorized presence of Swiss bankers in Italy and the taxation of the bank on the business generated by that presence.

Year Institution or Italian authority Outcome reported operation 2009 76 Italian branches Guardia di Finanza Inspections of Swiss banks 2013–2015 "Ricchi e felici" Florence prosecutors 18 advisers (Florence) suspended 2016 Credit Suisse Milan prosecutors, tax EUR 109.5 million authority 2018–2020 PKB Privatbank Milan prosecutors Tax settlement c. EUR 8.5 million 2019 UBS Agenzia delle Entrate, EUR 101.8 million Milan prosecutors
Sources: see the footnotes to this section.

2 Reading the cases

The cases share a pattern. Each began with information that Italian authorities obtained from Italian clients, most often through the amnesty of 2009 or the voluntary disclosure programme of 2015. Each concerned conduct in Italy: meetings, couriers, visits by relationship managers and the delivery of documents. Each was resolved, for the banks, by a payment to the tax authorities, which combined the tax on the bank's own presumed Italian business with penalties. The criminal proceedings against individuals have attracted less public attention, and their outcome is often not reported. They nevertheless remain the most serious risk for the relationship managers concerned, because a tax settlement by the employer does not end the personal criminal exposure of the employee.

In figures. In October 2009 the Guardia di Finanza inspected 76 Italian branches of Swiss banks and their agents.⁷ Credit Suisse paid EUR 109.5 million in 2016 in a case involving about 13,000 to 14,000 Italian clients.⁸ PKB Privatbank's tax settlement concerned about 198 clients and EUR 409 million in assets.⁹ UBS paid EUR 101.8 million for the years 2012 to 2017.¹⁰

3 Notes

1. ANSA, "Credit Suisse pays 109 mn", 21 October 2016, https://www.ansa.it/english/news/world/2016/10/21/credit-suisse-pays-109-mn-2_8e1aaf7f-e6a1-4c9f-90c0-d65bc06bc384.html. ↩
2. "Italian tax police ask Switzerland for details on 10,000 banking clients", IFC Review, July 2017, <https://www.ifcreview.com/news/2017/july/italian-tax-police-ask-switzerland-for-details-on-10-000-banking-clients/>. ↩
3. ANSA, "Probe into 400 mn held in Swiss bank", 7 November 2018, https://www.ansa.it/english/news/world/2018/11/07/probe-into-400-mn-held-in-swiss-bank_89c67733-5ca1-4a6c-9c4f-b1daf4dcbcb.html. ↩
4. Ticinonline, report on PKB's tax settlement with the Italian authorities, February 2020, <https://www.tio.ch/ticino/cronaca/1418256/fisco-euro-pkb-italia-milano>. The date is inferred from the article's reference to the settlement having been reached "in recent weeks". ↩
5. "Ubs paga 100 mln al fisco", Fortune Italia, 2019, <https://www.fortuneita.com/?p=23884>. ↩
6. "Ubs pagherà 111,5 milioni di Euro al Fisco per evasione fiscale", Bluerating, 25 June 2019, <https://www.bluerating.com/banche-e-reti/595152/ubs-paghera-1115-milioni-di-euro-al-fisco-per-evasione-fiscale>. The difference between the two figures (EUR 101.8 and 111.5 million) is not explained in the sources; the higher figure may include amounts paid by other group entities (one report mentions UBS Monaco). ↩
7. Burroughes (above). ↩
8. ANSA, 21 October 2016 (above). ↩
9. ANSA, 7 November 2018 (above). ↩
10. Fortune Italia (above). ↩

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