

## Switzerland

# Automatic Exchange of Information

The new global standard for the automatic exchange of information is intended to avoid cross-border tax evasion.

The new global standard for the automatic exchange of information / AEOI obliges Swiss financial institutions to identify clients who are foreign tax residents and to report tax relevant information to the Swiss tax authorities. The Swiss tax authorities will then report this information to the tax authorities of the respective country of residence of the client.

### Who needs to report?

Banks, brokers, custodians as well as other financial institutions such as certain investment vehicles and insurers qualify as reporting financial institutions and fall under the reporting obligations. There are exemptions for certain financial institutions that have a low risk of being misused for tax evasion purposes (e.g. certain collective investment schemes).

### Which accounts need to be reported?

The disclosure requirement applies to accounts held by both individuals and entities, irrespective of their legal form as well as trusts and foundations. This includes the obligation to investigate “passive entities” and to report the individuals who actually control these entities. This provision ensures that the AEOI is not bypassed by interposing a corporation.

### Which information needs to be reported?

Information in relation to the identity of the taxable person (name, address, date of birth, tax identification number, etc.) as well as information relating to the respective account (account number, balance, income such as dividends, interest, license fees as well as income from life insurances) needs to be reported.

### When does the AEOI come into force?

The new standard will become effective on 1 January 2017 meaning that financial information relating to the fiscal year 2017 will be exchanged for the first time in 2018.

The introduction of the AEOI marks the beginning of a new era for the financial sector. The global standard brings along certain complexities but also opportunities. It is essential to make the necessary dispositions to be well prepared for the challenge.

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