Beat: Business

EU and Switzerland sign historic tax transparency agreement

Fight against tax evasion

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USPA NEWS - The EU and Switzerland signed Wednesday a historic new tax transparency agreement, which will significantly improve the fight against tax evasion. Under the agreement, both sides will automatically exchange information on the financial accounts of each other's residents from 2018.

This spells an end to Swiss bank secrecy for EU residents and will prevent tax evaders from hiding undeclared income in Swiss accounts. The agreement was signed this Wednesday by Commissioner Pierre Moscovici and Janis Reirs, Latvian Minister of Finance on behalf of the Latvian Presidency of the Council for the EU, and by the Swiss State Secretary for International Financial Matters, Jacques de Watteville.

Pierre Moscovici, European Commissioner for Economic and Financial Affairs, Taxation and Customs, said that "today's agreement heralds a new era of tax transparency and cooperation between the EU and Switzerland. It is another blow against tax evaders, and another leap towards fairer taxation in Europe. The EU led the way on the automatic exchange of information, in the hope that our international partners would follow. This agreement is proof of what EU ambition and determination can achieve."

The automatic exchange of information is widely recognised as one of the most effective instruments for fighting tax evasion. It provides tax authorities with essential information about their residents' foreign income, so that they can assess and collect the taxes that are due on them. Under the new EU-Swiss agreement, Member States will receive, on an annual basis, the names, addresses, tax identification numbers and dates of birth of their residents with accounts in Switzerland, as well as other financial and account balance information.

This new transparency should not only improve Member States' ability to track down and tackle tax evaders, but it should also act as a deterrent against hiding income and assets abroad to evade taxes. The new EU-Swiss agreement is fully in line with the strengthened transparency requirements that Member States agreed amongst themselves last year. It is also consistent with the new OECD/G20 global standard for the automatic exchange of information. The Commission is currently concluding negotiations for similar agreements with Andorra, Liechtenstein, Monaco and San Marino, which are expected to be signed before the end of the year.

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