



## Basic information

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# Global Forum: peer review of Switzerland

## Introduction

The Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) conducts peer reviews that assess how the international standard for the exchange of information on request is being applied in individual countries. The peer review is broken down into two phases. Phase 1 covers the legal and regulatory framework for tax administrative assistance on request in the country concerned. Phase 2 assesses how this is implemented in practice. Each country is given an overall rating upon completion of phase 2.

On 26 July 2016, the Global Forum published the phase 2 peer review report on Switzerland. In this review, Switzerland was given the rating "largely compliant".

## Figure 1: Timeline of Switzerland's peer review



## Review process

Each phase is conducted by an evaluation team made up of two experts from member countries and a member of the Global Forum Secretariat. Switzerland also regularly makes experts available for peer reviews.

Reports are drawn up on each phase of the review process and are discussed and validated by the Peer Review Group (PRG), which consists of 30 members (including Switzerland) and is currently chaired by Singapore. The PRG's decisions must then be approved by all Global Forum members. The PRG met in Oslo from 20 to 23 June 2016. The Global Forum members had three weeks to approve the peer review report on Switzerland.

The reviews are based on the Terms of Reference, which consist of ten assessment criteria and are broken down into three groups:

### Figure 2: Terms of Reference

<b>A</b>	<b>AVAILABILITY OF INFORMATION</b>
A.1.	Jurisdictions should ensure that ownership and identity information, , for all relevant entities and arrangements is available to their competent authorities.
A.2.	Jurisdictions should ensure that reliable accounting records are kept for all relevant entities and arrangements.
A.3.	Banking information should be available for all accountholders.
<b>B</b>	<b>ACCESS TO INFORMATION</b>
B.1.	Competent authorities should have the power to obtain and provide information that is the subject of a request under an exchange of information arrangement from any person within their territorial jurisdiction who is in possession or control of such information.
B.2.	The rights and safeguards that apply to persons in the requested jurisdiction should be compatible with effective exchange of information.
<b>C</b>	<b>EXCHANGE OF INFORMATION</b>
C.1.	Exchange of information mechanisms should provide for effective exchange of information.
C.2.	The jurisdictions' network of information exchange mechanisms should cover all relevant partners.
C.3.	The jurisdictions' mechanisms for exchange of information should have adequate provisions to ensure the confidentiality of information received.
C.4.	The exchange of information mechanisms should respect the rights and safeguards of taxpayers and third parties.
C.5.	The jurisdiction should request and provide information under its network of agreements in a timely manner.

Source: *Global Forum*

Each element is given one of the following ratings:

- Compliant
- Largely compliant
- Partially compliant
- Non-compliant

Switzerland received a rating for each element in the Terms of Reference, which altogether produced an overall rating of largely compliant. Switzerland has thus been given the same rating as other major financial centres such as Singapore, Liechtenstein and Hong Kong. The rating relates to the efficient processing of administrative assistance requests in the period from 1 July 2012 to 30 June 2015.

**Figure 3: Switzerland's rating element by element**

<b>A AVAILABILITY OF INFORMATION</b>
A.1. Partially compliant
A.2. Compliant
A.3. Compliant
<b>B ACCESS TO INFORMATION</b>
B.1. Largely compliant
B.2. Largely compliant
<b>C EXCHANGE OF INFORMATION</b>
C.1. Largely compliant
C.2. Compliant
C.3. Largely compliant
C.4. Partially compliant
C.5. Largely compliant

*Source: Global Forum*

The overall rating of largely compliant is very positive for Switzerland and means that it complies with the international standards in the area of tax transparency. Overall, Switzerland has undertaken many efforts in order to satisfy the international standards. This must be considered a success and contributes significantly to the credibility and reputation of the Swiss financial centre.

Switzerland has made progress in the following areas in particular:

- Switzerland has introduced an exception to the notification procedure in the Tax Administrative Assistance Act (TAAA). By introducing this exception, Switzerland is in line with the international standard.
- Switzerland has extended its network of double taxation agreements (DTAs) considerably. Switzerland has signed a total of 53 DTAs in accordance with the international standard, and 46 of these are in force. It has also signed 10 tax information exchange agreements (TIEAs), 7 of which are in force. The forthcoming entry into force of the Convention on Mutual Administrative Assistance in Tax Matters (MAC) on 1 January 2017 will see Switzerland's information exchange network cover as many as 102 countries and territories.
- Switzerland has also greatly improved the timing of its responses to administrative assistance requests. Processes have been speeded up and staff numbers have been increased to be able to respond to the large number of requests much more efficiently.

Two of the elements assessed as partially compliant are tied to various recommendations. These concern bearer shares (A.1.) and how to deal with stolen data (C.4.).

Switzerland has already taken a range of measures in the area of bearer shares, but the Global Forum considers that the mechanisms to identify the owners of bearer shares could still be

improved in order to ensure their effective implementation.

Regarding how to deal with stolen data, the dispatch on the revision of the TAAA was adopted on 10 June 2016 for the attention of Parliament. An easing of administrative assistance practices would make it possible to respond to administrative assistance requests if the foreign country obtained such data via normal administrative assistance channels or from public sources. This imminent change should help Switzerland to meet the requirements under C.4.

### **What are the next steps for Switzerland?**

A new review round begins for all Global Forum members in 2016. This will involve checking whether the Global Forum's recommendations are also being implemented, and at the same time will include new review elements such as group requests, the identification of beneficial owners and the quality of requests. Switzerland will be given an overall rating at a later date. Switzerland's review is currently due to start at the end of 2018.

All peer review results can be found at the following link: <http://www.oecd.org/tax/transparency/>

### **What is the Global Forum?**

The Global Forum on Transparency and Exchange of Information for Tax Purposes (Global Forum) ensures that the international standards regarding transparency and the exchange of information for tax purposes are complied with and are implemented in a uniform manner internationally. The Global Forum was created in the early 2000s in the context of the OECD's work to combat tax havens and was restructured in 2009 in response to a call from the G20 to strengthen the actual implementation of these standards.

The Global Forum is now the largest organisation in the tax area. It currently has 135 members, all of which have committed to complying with the international standards for transparency and the exchange of information in tax matters (exchange of information on request). The Global Forum includes all OECD countries and all G20 economies. All members are on an equal footing. Decisions are taken by consensus.

Switzerland has been a member of the Global Forum since 2009 and is one of the few countries represented in the Steering Group (18 members) and in the Peer Review Group (PRG, 30 members). Moreover, it provides the Global Forum with assessors. Switzerland was able to extend its seat in the PRG until 2020, thus making it a member of this body since its creation. The PRG members are asked to change on a rotating basis.