

# The UK / Swiss Tax Agreement



The UK and Swiss Governments have struck a long sought after deal over UK taxpayers with undeclared income in Swiss bank accounts. The UK / Swiss Tax Agreement is fully operative after 31 May 2013.

## Who is affected?

Any taxpayer resident in the UK, or has a UK address, or holds a UK passport and has bankable assets in Switzerland may be affected by the UK/Swiss Tax Agreement.

HM Revenue & Customs (HMRC) can seek banking details of 500 UK individuals each year from Switzerland, with that figure rising if significant evasion is established.

## The key terms of the Swiss Accord

- A one-off levy on bankable Swiss accounts held by UK residents to settle historic tax liabilities if the account was open on 31 December 2010 and remains open on 31 May 2013.
- The levy will range from 19% to 34% dependant on age of the account and amounts held over the period since 2003.
- All future earnings will be subject to tax at rates: income (48%); dividends (40%); capital gains (27%).
- The levy is based on the value of the account(s) as at 31 December 2010. This deduction will settle outstanding UK income tax, capital gains tax, inheritance tax and VAT liabilities.
- Alternatively, the levy can be avoided by disclosing the bankable assets held in Switzerland to HMRC and settling any historic unpaid UK tax liabilities. Anonymity is foregone in these circumstances.
- Individuals who want to disclose their accounts are to inform their Swiss agent, who will notify the Swiss Federal Authorities, who in turn will inform HMRC.

- The deal can apply to amounts held by UK individuals, whether directly or indirectly. It can look through structures including offshore trusts and companies.
- Any untaxed funds that have passed through the account prior to 31 December 2010 will not gain tax clearance and can result in an investigation or prosecution.
- There is no tax clearance in respect of real estate and safe deposits.
- Certain individuals are excluded from taking part in this deal (e.g. if they are currently under investigation by HMRC under Code of Practice 9, cases of suspected serious fraud).
- Relocation of assets is not a realistic option as the Swiss will report you to HMRC and reveal the account holders identities, amounts moved and the destination.

## How Haines Watts can help

We will advise you if a Disclosure is necessary and whether disclosure should be made under the UK/Swiss Tax Agreement or the Liechtenstein Disclosure Facility (or under any other method). We can then advise on the cost of making the disclosure.

Haines Watts can advise you on how to organise your UK tax affairs in order to suit your current or future needs whilst being fully tax compliant.

To find out how Haines Watts can help, call Paul Malin on + 44 (0)7919 375 650 or email [pmalin@hwca.com](mailto:pmalin@hwca.com) anytime