

THE END OF BANKING SECRECY IN SWITZERLAND

Pour toutes questions :

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An amendment to the Franco-Swiss tax treaty has broadened the scope of the exchange of information on request to authorize collective applications, covering a large number of taxpayers. The work of the Tax Administration investigation will be greatly facilitated.

Facilitated individual requests.

Since April 1, 2016, the French tax authorities are entitled to make individual applications to the Swiss authorities on the basis of **any identification element**, not only the name and address of the taxpayer as was the case previously. These requests will be taken into account for tax periods starting from **1 January 2010**



Grouped inquiries permitted

Switzerland will respond to requests for groups which may not have individually identified taxpayers, provided that such requests relate to events subsequent to **February 1, 2013**

The amendment came into force on 30 March 2016 and is retroactive: the information will go back to 1 January 2010 provided that the facts which justify the application occurred as of 1 February 2013, for example:

- The list of French citizens who since February 1, 2013 closed their accounts for the transfer to another country.
- The list of French citizens who held an account in 2013 and that despite the bank's information mails never provided him the proof of tax compliance

This type of request has already been accepted by Switzerland to requests made by the Netherlands and the United States. The amendment would allow France to initiate the same procedures.

Automatic access to information from 2017

Moreover, France and Switzerland have agreed to the multilateral agreement introducing a common global standard for information exchange (OECD Common Reporting Standard). As of 2018, the bank data on 2017 will be exchanged automatically between Switzerland and France.

In the light of these new rules, taxpayers with undeclared foreign accounts incur increased tax risk. If you are in this situation, we can arrange an appointment to enlighten you about the risks and solutions that present themselves to you.

Do you have a lifestyle coherent with your declared income?

Do you know that in case of **disproportion between the lifestyle of a person and the reported income**, the tax authorities have the possibility of imposing a higher flat-rate assessment as stated income?

This system is called taxation "**by the trappings**." (Article 168 of the General Tax Code) It applies only to French tax residents.

To be applicable, this procedure must meet two conditions:

- There should be a disproportion between the lifestyle of the taxpayer and income. It is established when the fixed rate exceeds one third said the total net income.

- The flat rate resulting from the application of the scale must be **at least 45.409 €**



Principal and secondary residences	Five times the cadastral rental value
Domestic workers. It is not given the first	4.600 € or 5.700 € per employee
Cars/Motocycles	Replacement cost with reduction of 50% after 3 years of use
Yacht or pleasure boats	Variable rate based on tonnage, power and age of the ship
Tourism planes	69 € per horsepower
Racehorses	4.600 € per thoroughbred horse, 2.700 € for the others.
Riding horses	1.370 € per horse, from the second
Hunting Law / golf club	Twice the amount of the sommes payed when they exceed 4600 €

Have you thought about reporting your accounts abroad?

Physical and legal persons not having a commercial form and who are resident or established in France are required to report, along with their tax returns or results, particulars of accounts opened, used or closed abroad (CGI art. 1649 A, para. 2).

Are concerned, individuals who purchase investment contracts, including life insurance contracts with entities established outside of France.

They must declare together their tax returns, the references of the contracts, the effective dates and duration of these contracts and the premium payments made during the previous year.



A fault is due to a fine of **€ 1,500 per undeclared account**, increased to € 10,000, when the reporting obligation relates to a State or territory which has not concluded with France a convention on administrative assistance in the fight against fraud and tax evasion allowing access to bank information.

If the total of the credit balances or undeclared accounts abroad is equal or greater **than € 50,000 at the 31st December** of the year for which the declaration was to be made, the fine increases to **5% of the balance credit** for each undeclared account and can not be less than € 1,500 or € 10,000.

Moreover, when the disclosure requirement was not met at least once under the previous ten years, the administration may seek within sixty days to provide information or justification on the origin and terms of acquisition concealed assets or contracts. If no response or an inadequate response, the administration can tax office of income at any **inheritance right under 60%**.

If you forget to declare these bank accounts, life insurance contracts, or trust law; You can benefit from the spontaneous regularization device to obtain by transaction a mitigation of penalties.