



## LSG Solicitors

35 Piccadilly London W1J OLP DX 37225 Piccadilly 1  
T: +44 (0)20 7851 0100 F: +44 (0)20 7851 0136

in association with  
**PLAZAS ABOGADOS**  
Madrid Marbella Sotogrande

### UK Swiss Tax Agreement dated 24 August 2011

The UK and Swiss Governments have announced a historic agreement which will see the UK government recoup tax on non compliant funds held in Switzerland. The UK/Swiss agreement follows a similar agreement signed between Germany and Switzerland which was announced earlier this month.

Although full details have yet to be released by HMRC, LSG understands that those individuals seeking to retain their anonymity will pay a levy of between 19 and 34 per cent on the total value of the funds held in Switzerland at 31 December 2010. This levy will cover historic tax, interest and penalties. Swiss banks will pay an upfront CHF 500m to HMRC as a gesture of good faith.

In addition, the on-going growth of the Swiss portfolio will be subject to the following withholding tax regime:-

- Income (ie bank interest, loan stock income etc) – 48%
- Dividends – 40%
- Capital Gains – 27%

The position in respect of individuals who wish to address their historic tax irregularities on a named basis is less clear. LSG understands that a regime similar to the Liechtenstein Disclosure Facility (LDF) will not be offered.

As part of the agreement an enhanced exchange of information agreement will be entered into. It is believed that HMRC will request details in respect of 500 individuals under the new exchange agreement. HMRC will also be provided with information in respect of the movements of funds out of Switzerland.

It is understood that any agreement will be limited to Swiss assets only and therefore individuals with non compliant funds held in other jurisdictions who are seeking to regularise their affairs may wish to consider disclosing under the LDF (which covers all jurisdictions).

Frank Strachan, LSG's Head of Tax, said, "This is a watershed moment for HMRC. The enhanced exchange of information agreement will give the UK government access to detailed records of individuals who they believe have evaded tax. Those individuals with concerns should seek professional advice now as they will be subject to much higher penalties and/or potential prosecution if they do not voluntarily disclose their historic irregularities and HMRC launch an enquiry into their affairs".

LSG will provide a detailed briefing document once the full terms have been announced.

This brief is for information purposes only. Please contact us if you require advice.

Frank Strachan – head of tax – +44(0)207 851 0120 / +44(0)7557 343 234 [fs@lsg.co.uk](mailto:fs@lsg.co.uk)

Sean Bannister – tax manager – +44(0)207 851 0127 / +44(0)7872 311 318 [sb@lsg.co.uk](mailto:sb@lsg.co.uk)

**Disclaimer:** The statements made within this Tax Brief are the opinion of the writers and no reader should treat these statements as offering any advice, either generally or in relation to any particular personal circumstances. LSG does not accept any liability to any reader or other third party either in contract, tort, negligence or otherwise for any loss, damage, costs or expenses of any nature howsoever incurred or suffered as a result of taking or not taking any action as a result of any information included or omitted from this Tax Brief.