



Achieving international tax clarity

A focus on financial services



AEol

Under the Automatic Exchange of Information (AEol), Swiss financial institutions are required to report from 2018 onwards all reportable accounts (the first time regarding the year 2017). Affected by the AEol are all accounts held by a person resident in an AEol partner country of Switzerland (see www.kpmg.ch/aeoi for a list of these countries) and accounts of Passive Non-Financial Entities (NFEs) with controlling persons resident in an AEol partner country.

Client tax reporting

In the tax-transparent environment of today, bank clients have to report their income and – if relevant – the value of the assets to the domestic tax authorities correctly and efficiently. Banks have to ensure tax compliance without massive investments into systems and people. Our client tax reporting solution (so called Multishore Tax Reporting - MTR) offers tax reports for the countries where your clients are domiciled. KPMG provides tax reporting services to keep the workload for both, the bank and their clients as low as possible.

Tax Guides

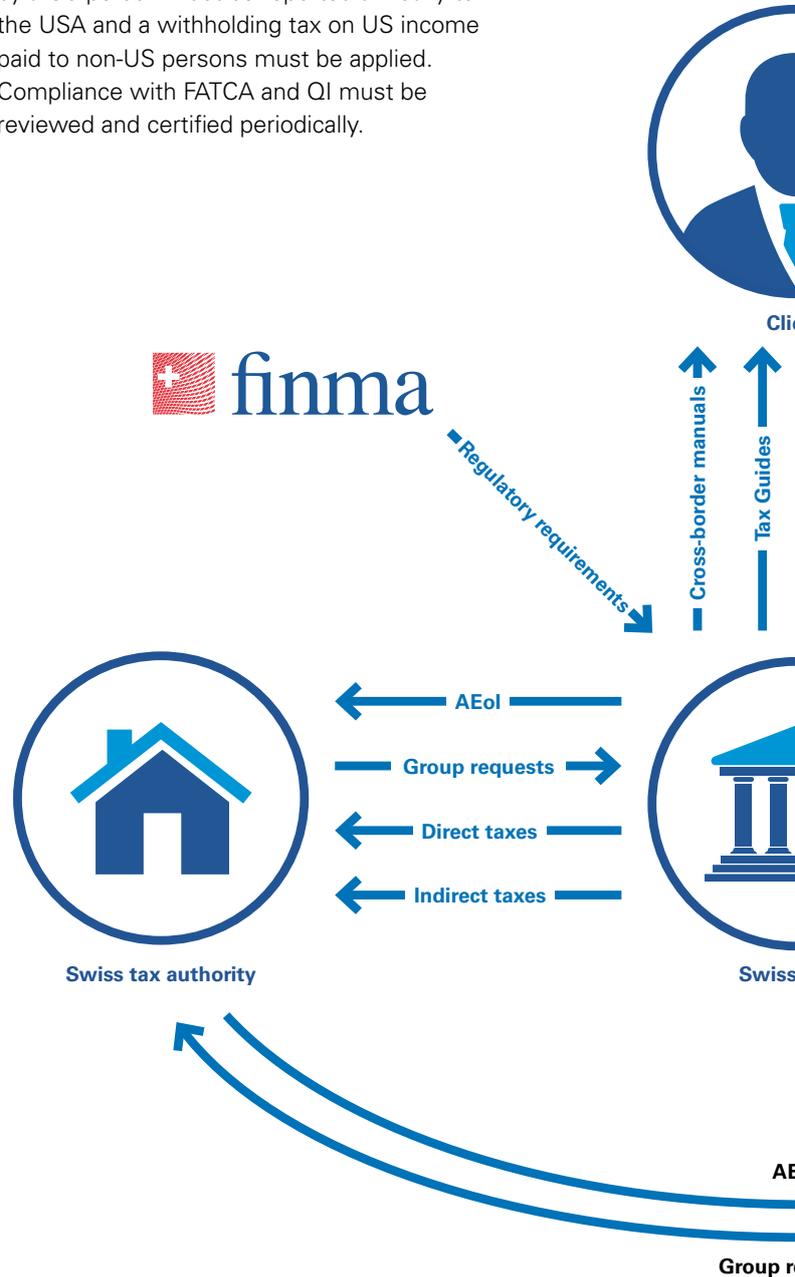
Today's stricter tax transparency and compliance requirements mean that more factors must be considered when making investment decisions to avoid getting stung by unpleasant surprises, especially in the cross-border taxation context. Our Tax Guides provide Swiss banks and wealth managers with a simple solution to the problem of understanding the tax treatment of the bankable assets in the hands of cross-border individual clients.

Group requests

Based on the Swiss Federal Court's leading ruling on the Dutch group request, tax authorities from many more countries may try to obtain client data through group requests for administrative assistance. Such group requests are possible based on double taxation agreements, tax information exchange agreements or the OECD Administrative Assistance Convention.

FATCA/QI

The Foreign Account Tax Compliance Act (FATCA) and Qualified Intermediary (QI) regime impose significant due diligence, withholding and reporting obligations on Swiss financial institutions. Accounts held directly or indirectly by a US person must be reported annually to the USA and a withholding tax on US income paid to non-US persons must be applied. Compliance with FATCA and QI must be reviewed and certified periodically.

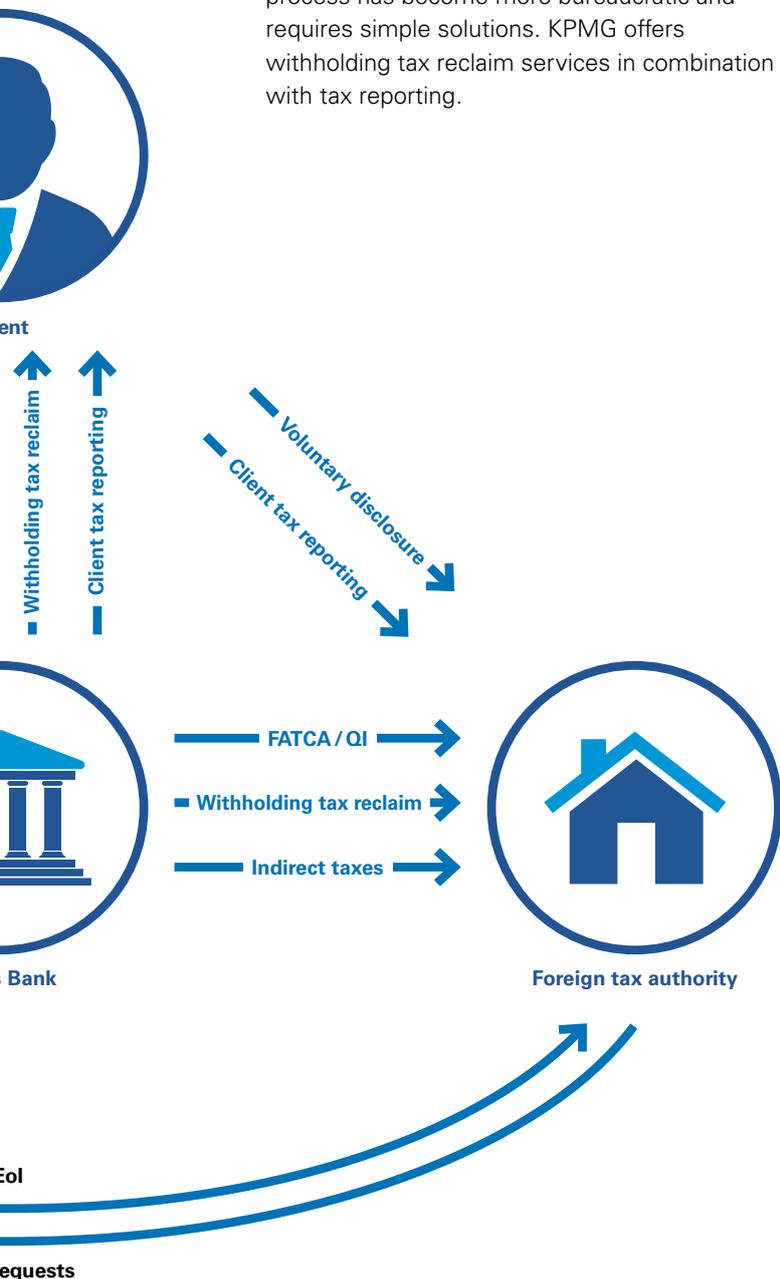


Voluntary disclosure

Due to developments aiming at tax transparency, such as the Automatic exchange of information and group requests, private individuals in various countries reassess their assets and income situation. This often involves regularizing their current affairs to avoid being pursued by the tax authorities. A voluntary disclosure may be the tool of choice in such circumstances. Countries throughout the world offer short windows for regularization that should not be missed (see www.kpmg.ch/voluntarydisclosures for more details).

Withholding tax reclaim

Withholding tax may be charged on certain income from capital, such as interest on securities and bank accounts or dividends and is in many cases at least partially refundable for foreign taxpayers. However, for international clients the process has become more bureaucratic and requires simple solutions. KPMG offers withholding tax reclaim services in combination with tax reporting.



Direct taxes

Swiss entities in the banking business are subject to Swiss corporate income tax (CIT) at federal, cantonal and communal level. The CIT are calculated based on the financial statements prepared in accordance with the relevant Swiss accounting rules (e.g. accounting rules for banks); in practice, various special tax rules are relevant (e.g. thin capitalisation and inter-cantonal profit allocation rules); the CIT rates are different for each municipality. Each entity in Switzerland is required to prepare and file a Swiss CIT return on an annual basis.

Private equity services

The demand for alternative investment solutions is increasing and tax transparency is progressing too. The highly regulated environment requires specialized tax services for Private Equity Funds. The challenges are bringing together the local and the cross-border tax expertise at the level of the investors, the funds and the investments. KPMG's Swiss based tax professionals provide wide-ranging services, such as private equity fund tax reporting, funds structuring and advice in connection to law changes (i.e. German investment tax reform).

Fund reporting

Swiss resident individuals holding units in foreign funds are reliant upon the fund to report its Swiss taxable income and net wealth values on the tax information database of the Swiss Federal Tax Administration, in order to complete their annual tax return. Otherwise investors may face an unfavourable tax treatment and the funds a competitive disadvantage and non-compliance with FINMA regulation. The same may arise for other countries (e.g. German individuals).

Cross-border manuals

Supervisory authorities across the globe imposed stricter rules for offshore business activities of unlicensed foreign financial intermediaries. In the wake of these changes, the involved risks for cross-border business have increased significantly. Those financial intermediaries that face the current cross-border challenges with a solid cross-border framework can benefit from real and sustainable growth opportunities.

Indirect taxes

Swiss entities in the banking business usually realize both turnover subject to Swiss VAT (e.g. asset management) and Swiss VAT-exempt turnover (e.g. brokerage). Due to this, the entities are obliged to prepare and file (usually on a quarterly basis) VAT returns to the Swiss federal tax administration. Furthermore, the Swiss entities are usually entitled to partially reclaim input VAT paid on business costs (e.g. IT costs). Swiss entities in the banking business are subject to various special Swiss VAT regulations (e.g. lump-sum input VAT recovery ratio calculation, split of all-in fee).

Why KPMG?

Our offering



Expert Services

Financial institutions are subject to the ever-growing and rapidly changing tax and regulatory environment. KPMG can provide you with the much-needed professional competencies and know-how, letting you benefit from our extensive practical exposure and experience regarding all tax driven challenges.

Services

- On-demand expertise tailored to your needs
- Rapid feedback on your questions and tangible recommendations, taking into account the best practice
- Workshops and trainings for all employee levels

Impact Assessments

Assessing your operating model to current and future expected tax regulations is the starting point for any regulatory transformation towards an effective business model. Our experts are proven to lead and advice on (tax) transformation projects and understand to assess impacts and gaps of requirements.

Services

- Provide overview of the regulations
- Provide gap-analyses
- Detailed impact/readiness assessments for your organization as basis for the implementation

Transformation

Compliance with relevant tax requirements can be achieved through strategic implementation. Depending on the extent of the assessed impact, suitable measures have to be implemented for the various processes in order to achieve compliance with relevant regulatory tax requirements.

Services

- Design and implement operating models for your organisation
- Implementation of relevant processes and tools
- Support implementation as sparring partner
- Outsourcing of tax reporting

Health Checks & Review

Having an up and running operating model that is fully compliant is only the initial phase of a tax strategy. As important as a thorough and fully compliant implementation of regulatory requirements is ensuring that all processes are effective and all reported data is complete and accurate.

Services

- Health Checks of the implementation and ongoing review that tax/regulatory requirements are fulfilled
- Process remediation
- Pre-audits of mandatory tax/regulatory requirements

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