

KPMG AEOI Updates & Tracking Service FATCA/CRS Alert

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Switzerland: Issued Explanation on International AEOI in Tax Matters

On 04 January 2021, the Federal Tax Administration ("FTA") of Switzerland issued explanations for the Ordinance on the International Automatic Exchange of Information (AEOI) in tax matters related to Federal Council's implementing provisions for the AEOI.

Additionally, the FTA specifically named other non-reporting financial institutions (FIs) that are excluded from the scope of the Ordinance, as they have a low risk of being misused for tax evasion, including the following:

- Undertakings for collective investments, if participation is held by, or through, natural persons or legal entities who are not reportable persons,
- Legal entities active in asset management or investment advice who exclusively manage client assets, which are deposited in the name of the client with an FI in Switzerland or abroad, or who exercise this activity as a body of a company or foundation,
- Central securities depositories with activities requiring a license, provided that the account holders are natural persons or legal entities who are not reportable persons, or a passive NFE with Controlling Persons who are not reportable persons,
- Clubs that are established and organized in Switzerland, and
- Foundations that are established and organized in accordance with ZGB in Switzerland and are exempt from tax liability based on the Federal Act on Direct Federal Taxes (DBG).

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The provision regarding co-ownership associations was repealed as per 1 January 2021.

Further, the following accounts are excluded from the scope of the Ordinance because they have a low risk of being misused for tax evasion:

- Accounts of lawyers or notaries (as a type of escrow accounts), which include trust accounts that were set up in relation with a court order or judgment, or in relation with the sale, exchange, or rental of a movable or immovable asset,
- Capital payment accounts (since they have similar characteristics to escrow accounts and serve to establish or increase the capital of a company),
- Accounts of associations established and organized in Switzerland that do not pursue economic purposes,
- Accounts of foundations that meet the requirements of non-reporting FIs as described above,
- Accounts of co-owner's associations, where the co-ownership's shares of the co-owner's association are recorded in the land register,
- Accounts of condominium associations that meet the requirements of the Civil Code related to exempted accounts,
- Dormant accounts with an account balance or value of not more than US \$1,000 exempted,
- E-money accounts with a limit of CHF/USD/EUR 10,000, and
- Accounts of an estate with its own legal personality, provided that the documents contain a copy of the will or death certificate of the deceased.

The provision regarding accounts that are excluded according to the laws in the account holder's country of residence has been repealed as per 1 January 2021.

Lastly, the Ordinance regulates details on reporting and due diligence obligations for reporting Swiss financial institutions and contains provisions that are required to implement AEOL.



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Reference (German): [Explanation on International AEOI](#) [PDF 197KB]

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