AABA Essex Workshop
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Session 1: Havens Under Pressure
Perspective from Switzerland:
Face-Saving Compromise

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Harmful tax practices

- Low or no or taxation
- Distinction between domestic and non-residents
- Lack of transparency
- No or poor information exchange
OECD‘s Project on Harmful Tax Practices


- Criteria for determining harmful tax practices
- Recommends measures to combat them
Progress Reports

2000: Identified 35 tax havens and 47 potentially harmful preferential regimes
2001: Update and enhancement
2002: List of uncooperative tax havens
2004: Eliminating harmful preferential regimes
Switzerland’s position

1998: Switzerland withheld approval (together with Luxemburg), continued to be observer of Forum on HTTP
Switzerland‘s Critic

- No comprehensive report
- Covers only „mobile financial activities, but not tax incentives, subsidies etc.
- Too much emphasis on international mutual administrative and legal assistance
OECD Critics

- Very low tax rates granted by Swiss Cantons to administrative and service companies
- Holding privileges
- Restrictive practice of the exchange of information between tax authorities
Switzerland under pressure

- 2003: Threat to be the only OECD member country remaining on the „black list“
- Heavy bilateral negotiations
- July 2004: Face-saving compromise
Compromise

- Lift modestly restrictions in administrative information exchange about holding and service companies
- Case by case on bilateral level
- OECD guidelines for transfer pricing must be abided
- No modification of cantonal laws
- No deal on banking confidentiality
- No threat to black list