

Russia/Switzerland double tax treaty revision New Protocol Signed

The new double tax treaty between Russia and Switzerland has been signed ('Protocol') last week. Subject to ratification by both states, the Protocol will come into force on the first January of the year following the year of ratification.

The draft Protocol in many aspects comprehends the desire of the Russian state to enhance tax collection mechanisms and to increase tax revenue at the point of repatriation of income received from investments in Russia. For example, subject to some exceptions, both countries will have a right to tax capital gains at source on disposal of shares in companies where 50% of underlying assets constitute real estate. This change is introduced as per Russian authorities announcement to amend this provision in all the double tax treaties they have like in the case of Cyprus.

The article on interest is fully substituted by new version article which abolishes the withholding rates reduction and provides an absolute right to tax for a state of the resident beneficial owner of interest. This provision was a major negotiation point pursued by the Swiss government to balance the interests pressured by the Russian officials in respect of the exchange of information clause.

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Switzerland and Germany sign tax agreement

21 September 2011 in Berlin a tax agreement was signed by Germany's Finance Minister, Wolfgang Schauble, and Switzerland's Finance Minister, Eveline Widmer-Schlumpf

The agreement represents a good result for the two countries, as it satisfies the interests and requirements of both countries equally well. The tax agreement signed by Switzerland and Germany respects the protection of bank clients' privacy applicable in Switzerland and also ensures the implementation of the German authorities' legitimate tax claims. In addition, mutual market access for financial services will be improved.

Both sides acknowledge that the agreed system will have a long-term impact that is equivalent to the automatic exchange of information in the area of capital income.

The agreement requires the approval of parliament in both countries, and should enter into force at the start of 2013.

Swiss refuse to hand over bank data to US

Switzerland will not hand over private bank data to the United States, Swiss Foreign Minister Micheline Calmy-Rey has said, after rumours of an ultimatum from Washington.

Any potential exchange can only take place within the legal framework of the double taxation agreement between the two countries, she said in Bern on Wednesday.

Calmy-Rey, who also holds the rotating post as Swiss president this year, said she wanted to put an end to speculation concerning the possible handover of names of American tax evaders with accounts at Credit Suisse in particular.

"There were only discussions on statistical questions," Calmy-Rey told a media conference in the Swiss capital where she announced her retirement from politics. The data did not come under the banking secrecy rules, she added.

Earlier Swiss media reports claimed that Switzerland had provided the US with an estimate of the total value of funds held by American citizens in Swiss accounts. The figure was said to be in the range of \$20 billion to \$30 billion.

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