

SWISS BANKS HAVE HANDED OVER ENCODED ACCESS TO MILLIONS OF EMAILS TO THE UNITED STATES TAX AUTHORITIES

Full access to the information will only be provided when a tax agreement is in place between the two countries

Swiss Finance Minister Eveline Widmer-Schlumpf informed a parliamentary economics commission that Credit Suisse and seven other Swiss banks wanted to make concessions to the United States by offering information about client relations.

According to research by German-language public radio station, DRS, - the data offered includes communication between bank advisors and their clients. Four to six million emails are reported to be involved.

Switzerland is in the process of negotiating a tax agreement with the US to address the problem of US tax evaders hiding money in Switzerland. The negotiations have stalled because the US, which wants a fine in the billions, is demanding to see more bank client data.

Most recently, Widmer-Schlumpf said after meeting US Treasury Secretary Tim Geithner in Davos last Thursday that a deal to end the tax evasion row with the US could come later this year.

US AUTHORITIES CHARGE BANK WEGELIN WITH ABETTING TAX FRAUD

The US Justice Department has brought criminal charges against the Swiss bank Wegelin, alleging it conspired to help American clients evade \$1.2 billion in US taxes.

Founded in 1741, Wegelin is Switzerland's longest-established private bank. In December 2010, it had approximately \$25 billion in assets under management.

The US government has previously threatened to prosecute other Swiss banks - notably UBS, which in 2009 was forced to admit fault, pay a \$780 million penalty and divulge clients' identities in order to avoid indictment. But this is the first time the Justice Department has actually brought charges against a foreign bank for tax offences.

The DoJ believes that, from 2008, Wegelin followed a deliberate policy of attracting former American clients of UBS who were alarmed by the US action against UBS and were looking to move their funds elsewhere. Wegelin has no branches outside Switzerland, making it difficult for the US authorities to seize its assets.

Early in January the US DoJ charged three of Wegelin's Swiss staff - Michael Berlinka, Urs Frei and Roger Keller - with aiding Americans to evade tax. The technique used, says the DoJ, was the familiar one of opening nominee accounts for clients in jurisdictions such as Liechtenstein, Panama and Hong Kong, held in the names of sham companies and foundations.

Wegelin then issued a statement saying its staff have not broken Swiss law and that it no longer does business with US persons. However, later in the month clients' fears of a US tax investigation triggered a \$4 billion run on its reserves, according to the newspaper Der Sonntag. The run triggered a drastic restructure and sale of its non-US operations to the Raiffeisen banking cooperative. The US liabilities remain with Wegelin's directors.

According to the DoJ, Wegelin helped two other Swiss banks to return undeclared funds to American clients by making transfers through an account at a Connecticut branch of UBS, the "correspondent bank" it uses in the USA to handle its American clients' money. The transferred amounts were kept below \$10,000 to reduce the risk of detection by the tax authorities.

The DoJ has now seized \$16 million of Wegelin's funds from the Connecticut account. It says the bank could be fined twice the gross gain derived from its alleged offences, or a minimum of a \$500,000. At least 70 clients are mentioned in the US indictments (though not by name), and the three Wegelin bankers accused of abetting them are still at large in Switzerland. None of the charges, of course, have been proved.

News

Dinos Antoniou, the C.E.O of Globalserve Consultant Ltd had been selected by the DG Enterprise and Industry of the European Commission to be featured in the brochure "The Secret of Success" as one of the inspiring entrepreneurs! The brochure will be published in early summer 2012 and its theme will be the "European SMEs as International Champions". More information can be found on www.ec.europa.eu/sme-week

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Globalserve Profile

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