Automatic Exchange of Information in Tax Matters (AEOI) – Frequently Asked Questions (FAQs)

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Q1) What is AEOI?

As a means to help counter tax evasion on a global level, the OECD and G20 have worked together to develop a global initiative on the Automatic Exchange of Information in Tax Matters (“AEOI”), also known as the “Common Reporting Standard or “CRS”.

The focus of AEOI is the exchange of information on a cross-border basis between tax authorities, and will potentially affect all accounts held by non-residents (i.e. AEOI will affect accounts held by both individuals and entities, including trusts, foundations and partnerships). Where entities are concerned, it is necessary to determine their classification for AEOI purposes (being either a Financial Institution, Active Non-Financial Entity or Passive Non-Financial Entity), according to strict criteria laid down in the AEOI rules. In some cases, it may be necessary to gather tax information on the Controlling Persons behind the entity.

The AEOI draws upon international anti-money laundering standards, and sets out strict procedures which must be followed by financial institutions in order to gather, and where necessary report, this tax information to partner jurisdictions.

The reporting of information under AEOI is generally not applicable if you are tax resident in the same country as the Bank (i.e. Switzerland). This does not mean that the Bank does not have an obligation to collect the information, only that the information will not be reported.

Q2) How does AEOI work?

As a financial institution, Swissquote Bank SA (hereafter referred to as “the Bank” or “we”) is required to gather certain tax information about all of its clients. Where we determine that you are tax resident in a country with which Switzerland has signed an agreement for AEOI, we will be required to report certain information about your account (refer to Q11 for further details) to the Swiss Federal Tax Administration (“SFTA”) on an annual basis. The SFTA will then exchange this information with the tax authorities in the jurisdiction(s) where you are tax resident.

This tax information will be exchanged according to a reciprocal agreement between Switzerland and the partner jurisdiction(s). However, you should note that under the AEOI there is no withholding of tax (i.e. AEOI is purely an information exchange process).
Q3) Which countries have committed to implement AEOI?

Over 100 jurisdictions have already committed to implement AEOI, including all major finance centers, and it is expected that more jurisdictions will sign up over time. Jurisdictions that have committed to undertake the first exchange of information in 2017 (in relation to the calendar year 2016) are known as “Early Adopters”. Jurisdictions that have committed to undertake the first exchange of information in 2018 (in relation to the calendar year 2017) are known as “Second Wave” jurisdictions.

For a complete list of participating jurisdictions that have committed to implement AEOI, together with information on the dates that they will start exchanging information, please refer to the OECD AEOI portal.

Q4) With which countries has Switzerland signed an agreement for AEOI?

For a list of jurisdictions that Switzerland has signed an agreement with for AEOI, please refer to the Swiss State Secretariat for International Financial Matters SIF website.

Q5) When does AEOI take effect in Switzerland?

Switzerland is a “Second Wave” jurisdiction; this means that AEOI takes effect in Switzerland from 1 January 2017. The first reporting will take place during 2018 (in relation to the calendar year 2017 information).

Q6) Are all banks affected by AEOI?

All financial institutions – that includes banks, brokers, insurance companies and asset management businesses – in participating jurisdictions are required to comply with AEOI.

Q7) Will I need to provide the Bank with additional information for AEOI?

If your account was opened on or before 31 December 2016, we will review the information already available to us in our records and we will only contact you to request additional information if we are missing certain information or if we have any doubts as to your tax residence status.

If you open an account on or after 1 January 2017, all necessary information will be collected from you at the time the account is opened.
Q8) What will happen if I do not provide this information to the Bank?

If you open an account on or after 1 January 2017 but fail to provide us with the necessary information required under AEOI, we will be required to block your account after a period of 90 days.

If your account was opened on or before 31 December 2016 and you fail to provide us with any additional information regarding your tax status that we may subsequently request, we may be required to report your account to all jurisdictions where we have information that reasonably indicates that you may be tax resident. This may result in information being reported to multiple jurisdictions, including a jurisdiction where you may not be tax resident. You are therefore strongly advised to provide us with all information that we may request in a timely manner, in order to ensure that your information is not reported incorrectly under AEOI.

Q9) What if I am uncertain as to where I am resident for tax purposes?

The rules on tax residence are complex, and it is possible to be resident in more than one jurisdiction for tax purposes (although if there is a Double Tax Treaty in place between the respective jurisdictions, this can often determine which jurisdiction you are deemed to be tax resident in).

Please note that the mere ownership of real estate in a jurisdiction (e.g. a holiday home) does not necessarily mean that you are tax resident in that jurisdiction.

Further information of the tax residence rules in all jurisdictions that have committed to AEOI can be found on the [OECD AEOI Portal](https://www.oecd.org/tax/legislation/46802697.pdf).

If you are in any doubt as to where you are tax resident, you should contact your tax advisor.

Q10) Will information on my account be exchanged?

If you are tax resident in a jurisdiction with which Switzerland has signed an agreement for AEOI (see Q3), then information on your account will be exchanged with the tax authorities in your jurisdiction of residence.

If you are resident in a jurisdiction which has committed to implement AEOI, but with which Switzerland does not yet have an agreement in place for AEOI, then no information on your account will be exchanged until such time as an agreement is entered into between Switzerland and your jurisdiction of tax residence.

If you are resident in a jurisdiction which has not committed to implement AEOI, then no information on your account will be exchanged until such time as that jurisdiction commits to implement AEOI and signs an AEOI agreement with Switzerland.
Q11) What information will be exchanged?

Where required, the information that will be exchanged under AEOI includes all of the following:

- In the case of an individual account holder, their name, address, date of birth, and Tax Identification Number;
- In the case of an entity account holder that is not itself a Financial Institution, the name, address and Tax Identification number of the entity, and if the entity is classified as a Passive NFE for AEOI purposes, the name, address, date of birth and Tax Identification Number for each Controlling Person;
- The account number;
- The name and Tax Identification Number of the Bank;
- The account balance or value at 31 December of each calendar year;
- The gross proceeds generated from the disposal or redemption of assets during the calendar year; and
- The gross amount of all dividends, interest and other amounts paid or credited to the account during each calendar year.

Q12) What purpose will the information exchanged be used for?

Generally, the information exchanged may only be made available to the authorities that are responsible for handling or supervising taxation in the partner jurisdiction where the account holder is resident, and may only be used for tax purposes. In principle, it is prohibited for the receiving partner jurisdiction to forward the information to another jurisdiction, and it must treat the information as confidential.

Q13) Will I be informed before information on my account is exchanged under AEOI?

We will use our best endeavors to inform our clients prior to the first occurrence of reporting of their account pursuant to the AEOI.

Q14) What happens if my circumstances change?

You are required to inform us within 30 days of any changes to your circumstances that might have an impact on the information that would be exchanged under AEOI. For example, this includes (i) any change to your tax residence status, (ii) any change to your Tax Identification Number, and (iii) in the case of an entity, any changes of Controlling Persons or any changes in the tax residence status of any Controlling Persons.
Q15) How will AEOI interact with other tax regulatory regimes (e.g. FATCA, EU Savings Tax and the UK/Austrian final withholding tax agreements)?

Following the introduction of AEOI in Switzerland, the EU Savings Tax Directive and the UK/Austrian final withholding tax agreements will be terminated on 31 December 2016. The implementation of AEOI does not affect the operation of FATCA. The two regimes will run simultaneously.

Q16) How will AEOI affect my confidentiality?

Data protection and confidentiality are a key part of AEOI. There are detailed rules which provide for strong data safeguards to be in place before Switzerland enters into an AEOI agreement with a partner jurisdiction. In addition, the tax authorities are not allowed to share the received information with any other local governmental institutions; the information can only be used for tax purposes.

We will respect your data privacy. We will only disclose your information under AEOI if we are legally required to do so.

Q17) Where can I find further information on AEOI?

Further information on AEOI can be found on the following websites:

OECD AEOI portal
Swiss State Secretariat for International Financial Matters SIF website
SwissBanking AEOI website

If you have any questions regarding the impact of AEOI on you, you should contact your tax advisor.