LIECHTENSTEINISCHER
BANKENVERBAND

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Banks issue expanded tax compliance guideline

In August 2013, the Liechtenstein banks formulated the tax compliance guideline – a minimum standard applicable throughout the national banking industry that defines their due diligence obligations with regard to customers' tax compliance. This standard has now been expanded. "The modified guideline is a logical consequence and continuation of the tax compliance strategy that Liechtenstein banks adopted some time ago", said Simon Tribelhorn, Director of the Liechtenstein Bankers Association (LBA). "The banks are preparing themselves and their customers for the future automatic exchange of information."

Logical continuation of the practiced tax compliance strategy
The new guideline adheres to the principle that customers are primarily responsible for their own tax compliance. Now, however, in addition to their current efforts, the banks, in keeping with the risk-based approach, commit themselves to apply additional due diligence measures to verify and ensure that their existing customers are tax-compliant. In other words, the banks will review their existing customers and have their tax compliance certified where applicable. If necessary, they will continue to help their customers to become tax-compliant within a reasonable period.

Furthermore, the banks will take steps to prevent business relationships being removed from the scope of Automatic Exchange of Information (AEOI). Customers with their tax domicile in a country with which an implementation agreement for the automatic exchange of information is planned, are not permitted to conduct transactions to a country that has not committed to the OECD standard if the transaction serves to terminate a business relationship. These measures are intended to prevent assets being removed from the reach of the tax laws of the customer's country of domicile.

The rules for cash withdrawals were adjusted as well. Cash withdrawals of persons falling within the scope of the planned implementing agreements as a rule must be treated restrictively. Neither cash withdrawals to terminate a business relationship nor cash withdrawals equivalent to closure transactions are permitted. Banks may set a de minimis limit up to allow certain exceptions.

No change has been made to the general rule that cash withdrawals worth more than CHF 100,000 are permitted only if it is plausible that no tax offence is committed or perpetuated.

LBA reviews implementation

The banks voluntarily impose this guideline upon themselves as a common standard of practice for the banking centre. The guideline itself will enter into force as of 1 February 2015; it replaces the previous guideline and must be implemented internally by the banks by 1 April 2015 at the latest. The Liechtenstein Bankers Association will start compliance controls in April 2015.

The new guideline can be downloaded in English and German from the website of the Liechtenstein Bankers Association (www.bankenverband.li).

About the Liechtenstein Bankers Association

Established in 1969, the Liechtenstein Bankers Association is the domestic and international voice of the banks active in Liechtenstein. It is one of the country's most significant associations and plays a key role in the successful development of the financial centre. Member interests are pursued in accordance with the principles of sustainability and credibility. As a member of the European Banking Federation (EBF), the European Payments Council (EPC) and the European Parliamentary Financial Services Forum (EPFSF), the Liechtenstein Bankers Association is an important member of key committees at the European level and plays an active role in the European legislation process.

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