



Government Declaration

Vaduz, November 14th, 2013

Through this Government Declaration, Liechtenstein reaffirms its commitment to the applicable OECD standards of cooperation on tax matters. Liechtenstein furthermore defines its position with regard to the future international standard of automatic information exchange and possible bilateral negotiations. Liechtenstein recognizes the legitimate tax claims of partner states. At the same time Liechtenstein protects the legitimate interests of its financial centre's clients, such as confidentiality and the right to privacy.

The Declaration covers the following points:

- » On 21 November 2013 Liechtenstein is signing the OECD/Council of Europe Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which establishes standards for multilateral information exchange on tax.
- » Liechtenstein is offering to participate actively at OECD and Global Forum level in developing an international standard for information exchange based on clarity, predictability, equal treatment, respect for the interests of all involved, and non-discrimination.
- » Liechtenstein believes that effective tax cooperation must include more than just an exchange of information, and so is pursuing a comprehensive approach encompassing models to ensure past and future tax compliance as well as agreements to prevent double taxation and discrimination.
- » Liechtenstein is prepared to conclude bilateral agreements on automatic exchange of tax information based on the future OECD standard provided these agreements give due consideration to the legitimate interests involved with countries that fulfill the requirements for this transparent approach.
- » Liechtenstein accepts that countries not fulfilling the requirements to implement automatic information exchange at the current time also have the right to tax their residents and in certain cases their nationals who live elsewhere. Liechtenstein is willing to develop joint solutions that protect the legitimate interests of the financial centre's clients. Confidentiality of personal data is particularly important here.

Today's governmental declaration marks the next logical step in Liechtenstein's long-established tax compliance strategy. It provides clients of its financial centre with greater legal certainty and clearer prospects. It also strengthens Liechtenstein's international position as a reliable and trustworthy partner.



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This declaration is based on the following considerations:

1. In its March 2009 declaration, Liechtenstein clarified its position on privacy for clients of its financial centre and on banking secrecy. Liechtenstein also confirmed its readiness to negotiate agreements on information exchange on tax matters in order to address the global problem of tax fraud and tax evasion, and to avoid double taxation. Liechtenstein thus acknowledged its responsibility with regard to the legitimate tax claims of other jurisdictions and to the trust of the financial centre's clients. Liechtenstein is an active member of the Global Forum on Transparency and Exchange of Information for Tax Purposes, and this latest declaration reaffirms its commitment to comply fully with the Forum's recommendations.

2. International standards of transparency and information exchange have developed since 2009. The Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which is aimed at creating a legal platform for structured information exchange between participating states, and which envisages various forms of tax cooperation, has become part of these international standards. Liechtenstein will sign the Convention on 21 November 2013, reflecting its commitment to tax cooperation based on widely supported international standards.

3. Liechtenstein agrees with the OECD and the Council of Europe that respect for national legal systems, confidentiality of information exchanged between national authorities and the fundamental rights of taxpayers need to be reconciled. In particular, taxpayers have the right to confidentiality and to a proper process for determining their rights and obligations in tax matters, including appropriate protection against discrimination and double taxation. In this regard, Liechtenstein expressly supports the OECD's work on the "Keeping it safe" initiative, which focuses on safeguarding confidentiality.

4. Liechtenstein assumes that automatic information exchange in tax matters will be the future international standard. Among others, the OECD, the G20 and the EU are all working towards this end.

Liechtenstein is offering to participate actively at OECD and Global Forum level in the discussion about how such arrangements can best be implemented while still respecting the legitimate interests of all parties involved. It is proposing an efficient and practical approach to developing this single global standard based on clarity, predictability and equal treatment.

Liechtenstein is prepared to conclude agreements on automatic exchange of tax information based on the future OECD standard with states that fulfill the requirements for this transparent approach. It is paying particular attention to the G5 countries – Germany, the UK, France, Italy and Spain – and the pilot project they have initiated.



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Liechtenstein supports the objectives of this initiative, in particular the establishment of a single and consistent global standard. Only a truly global standard can guarantee a level playing field for all the different financial centres and also ensure that new measures are effective globally.

5. Liechtenstein accepts that countries not fulfilling the requirements to implement automatic information exchange at the current time also have a right to tax their residents and in some cases their citizens living elsewhere. Liechtenstein is prepared, to develop joint solutions that protect the legitimate interests of the financial centre's clients. Confidentiality of personal data is particularly important here.

6. Liechtenstein strongly supports the OECD's view that international co-operation must lead to shared principles and thus to the prevention of double taxation of income from cross-border activities. Clarity, predictability of regulation and equal treatment create legal certainty and allow states, businesses and private individuals to plan with confidence. Liechtenstein encourages its partner states to continue working towards this common goal, removing discrimination and ensuring unrestricted market access. These are and will remain keystones of Liechtenstein's approach to tax cooperation.

7. Liechtenstein believes that effective tax co-operation includes more than just information exchange. The country has continually expanded its network of double taxation treaties in recent years and has the necessary experience with different tailor-made models to assure tax compliance for the past and the future. Its groundbreaking agreements with the United Kingdom, for example, helped to establish the above-mentioned principles. These agreements ensure that UK taxpayers using the Liechtenstein financial centre can comply fully with the tax laws and procedures of their home country. At the same time, the agreement acknowledges Liechtenstein's services and asset structures, thus improving the parameters for future business relations.

8. Liechtenstein is ready to develop this comprehensive approach further, combining guaranteed tax compliance with effective tax co-operation and effective, efficient automatic information exchange based on the future OECD standard.

9. Liechtenstein's whole economy benefits from the competitiveness and stability of its financial industry. All the major players in the financial centre have been included in this strategic process in order to safeguard and develop the country's excellent business environment. Liechtenstein's position as set out in this Declaration is a result of this inclusive approach. It helps to secure Liechtenstein's position as a responsible financial centre and as a reliable and trustworthy partner.