

Voluntary Disclosure in Switzerland



Due to recent developments aiming at tax transparency, such as the automatic exchange of information, Swiss private individuals start to reassess their tax status. This may involve filing a voluntary disclosure for previously not declared income and assets without facing penalties.

A person taxable in Switzerland must basically fully report the worldwide income as well as all global assets in the annual tax return. If a taxpayer has not complied with this obligation within the last ten years then this person might have undeclared funds from a Swiss tax point of view.

Taking into account that it is no longer the question if, but rather when the discussed developments aiming at global tax transparency (e.g. automatic exchange of information) will be implemented in Switzerland, it is advisable that even individuals resident in Switzerland with undeclared funds initiate a voluntary disclosure procedure in a timely manner.

Requirements for a voluntary disclosure

The key requirements for the exemption from penalty through a voluntary disclosure is that the application must be filed for the first time in Switzerland and deemed voluntary. The taxable person is requested to disclose all relevant information of the last ten years as well as cooperate fully. Last but not least, the tax payer must endeavor to clear the total tax burden eventually and act proactively in case of financial difficulties.

Persons taxable in Switzerland qualify for the voluntary disclosure with full exemption from penalty once in a life time. Additional voluntary disclosures still exempt from penal prosecution, but reduce the fine at the maximum to 20% (a fifth of the owed tax debt) if all other requirements are met.

Impacts of a valid voluntary disclosure

If the application for voluntary disclosure fulfills the above mentioned requirements, the taxpayer is exempt from penalty and is solely requested to pay the due taxes and default interest for the past ten years.

Exemption from penalty means the full abandonment of penal proceedings (e.g. a fine or any connected financial offence such as the forgery of documents in case of tax fraud).

Consequences of an invalid voluntary disclosure

In case the application is not deemed voluntary (e.g. if the need for disclosure is already known by the tax authorities or if the tax authorities started an investigation) or if the taxpayer does not fully cooperate, the voluntary disclosure is considered as invalid and the exemption from penalty does not apply.

A potential fine for identified undeclared funds may add up to the extent of three times the total tax debt in the worst case. Further penal proceedings may be initiated depending on the individual circumstances of the case.

Duration of the procedure

The duration of the procedure varies in every canton and is depending on the complexity of the case and the available resources of the local tax authorities.

Voluntary disclosure in case of succession (heir case)

The same requirements apply to the heirs of a decedent. If the disclosure is deemed voluntary, the heirs are exempt from penalty and solely requested to pay the due taxes and default interest for the past three years (instead of ten years back) before the decedent's death

Advantages of a voluntary disclosure

A first-time voluntary disclosure is an attractive vehicle to regularize your current tax situation in Switzerland and to benefit from an exemption from penalty simultaneously.

In addition to the mentioned saving potential, you may regain full investment flexibility. Undeclared funds can be considered as dead capital due to the highly restricted purpose and mobility.

Global network and advisors with high-level expertise

KPMG Switzerland has a long standing and wide practical experience in dealing with voluntary disclosures in a local and international setting.

KPMG's global network enables us to involve foreign in-house specialists with high-level expertise in their local tax law. This allows us to provide international solutions by drawing on the required tax knowledge at any time and across national borders.

We would be delighted to advise and help you. Please do not hesitate to contact us promptly, as time can often be a crucial factor in such processes.

Why applying for a voluntary disclosure now?

Increasing risk

International and Swiss tax transparency ambitions (i.e. Automatic Exchange of Information) increase future risk exposure for undisclosed funds significantly

No fine due

A first-time voluntary disclosure exempts Swiss individuals fully from penalty

High saving potential

A fine resulting from prosecution may add up to three times the total Swiss tax debt

Regain investment flexibility

Reactivate undisclosed funds and win back full access with a disclosure

Time matters

Exemption from penalty is no longer possible if a need for disclosure is investigated by the Swiss tax authorities beforehand

Your benefits with KPMG at a glance

- High-level expertise in the field of tax law as well as long standing and wide practical experience in dealing with voluntary disclosures
- Cross-border solutions from our global network
- Tailor-made solutions
- A single contact person ensures high efficiency and lower complexity
- All cases are processed with highest confidentiality standards and with the utmost discretion

Contact us

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