upon the asset value.[464] The tax rate will be applied to the relevant assets. To clarify, for the LDF, only the received interest and gains – not the total value of the asset – is relevant for tax burdens.

Which agreement is monetarily more advantageous, therefore, will strongly depend on the asset value on the reference day and the return on the assets. Low returns will generally favour the LDF and higher returns for the Swiss-UK tax agreement. Total asset value is important for the Swiss-UK tax agreement since a higher value of the assets increases the tax, due to the implementation of the formula. Furthermore, the fact that the Swiss-UK tax agreement is calculated from the end of 2002 compared to April 1999 for the LDF has to be considered. Finally, and crucially in some cases, the LDF includes interest debt for HMRC and penalties which have to be considered for the final tax due, whereas the Swiss-UK solution has no penalties and interest debt.

Besides the tax liabilities, the cost of third-parties such as lawyers, advisors and bank charges must also be considered. The LDF process requires consultation with a tax specialist, whereas the withholding process, one-off deduction and future withholding tax in the Swiss-UK tax agreement is carried out fully by the bank.[465] This results in much lower advisory costs. Furthermore, clients with no prior connection with Liechtenstein will face further costs.[466] These are mostly costs associated with asset transferral, but there will also be banking charges for opening a bank account and optional advisory costs from lawyers or trustees who initiate the opening.[467]

Last but not least is the fact that after the LDF process, the individual – along with all of his assets – is effectively tax compliant.[468] Under the Swiss-UK tax agreement, tax compliancy is not assured and further tax issues for assets not covered by the agreement or those outside Switzerland may raise problems in the future.[469]

4.2 Comparison of Cases

The cases introduced in chapters 2.4 and 3.5 allows a comparison between the different tax burdens generated through a voluntary disclosure, the LDF, the LDF using the Composite Rate Option and the one-off deduction from the Swiss-UK tax agreement. Table 14 shows an overview of the results:

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[464] Hosp & Langer, 2011 (2), p. 914.

[465] Schaad, 2012, p. 69.

[466] Hosp, 2009 (2), p. 187.

[467] Schaad, 2012, p. 69.

[468] Goekmen, 2013, p. 59.

[469] Goekmen, 2012, p. 53.