Mr Baker should strongly consider transferring some assets to Liechtenstein to receive a certificate of relevance and then registering for the LDF.

The quirk in the Swiss-UK tax agreement concerning asset inflow in 2011 and 2012 must be addressed at this point. Let us assume for illustrative purposes that Mr Thomson transferred GBP 400,000 untaxed from another account to the Swiss account in 2011 or 2012. The formula would then leave him with a value of about GBP 50,000, which is not covered by the one-off deduction. As a result, GBP 50,000 in tax liabilities would remain unpaid and could cause huge problems for Mr Thomson. This issue must always be considered when using the one-off deduction.

Altogether, the comparison of the case studies clearly shows that the LDF provides the lowest tax burden. Roth & Thiede mentioned in their article that the average tax rate for the LDF is 12 to 15%.[470] This value is confirmed by the three case studies.

4.3 Tax Load in the Future

Individuals who have completed the LDF process must in future declare their assets in their personal tax return. The income and gain is taxed according to existing laws. Under the Swiss-UK tax agreement individuals can choose the withholding option or voluntary disclosure. With voluntary disclosure, the tax burden is the same as after completing the LDF. Income and capital gains are declared in the personal tax return. For the withholding option, interest income and other income is taxed at 48%, dividend income at 40% and capital gains at 27%.[471] However, these rates are slightly higher than the highest "normal" tax rate[472] for individuals. It should be noted that tax deduction and tax exempt amounts are available under "normal" taxation.

All things considered, LDF and voluntary disclosure should result in a lower tax burden for future taxation compared to the withholding option.

4.4 Relevant Person

For the Swiss-UK tax agreement, every individual with a UK address in a bank's due diligence documents is seen as UK resident. In addition, individuals with a UK passport who lack a certificate of tax residence from a third country are treated as relevant.[473] Despite the fact, that the passport of relevant persons is not of relevance under the LDF the rules quite similar. Although admittedly one key distinc-

[470] Roth & Thiede, 2013, p. 621.

[471] CH-UK Tax Agreement, 2011, art. 19, para. 1.

[472] Income tax: 45%; Dividends; 37.5%; Capital Gains 28%;

[473] Carelli, 2012, p. 302.