

### 5.1.4 Clients

For UK Clients, the agreements are a tool to solve their tax issues. Sooner or later, any tax evasion will be detected either through purchased client data CDs, lack of care or an automatic exchange of tax information. Thus they would be well advised to use this opportunity. Additionally, if assets are transferred out of Liechtenstein or Switzerland and this is eventually detected, the individual could face a penalty of 200%.<sup>489</sup>

## 5.2 The Future Importance of Tax Compliancy

Financial centres worldwide are currently in the process of an extensive upheaval. The forming of treaties and agreements as well as the implementation of an (automatic) exchange of information arrangement appears to be inexorable. No institution with foreign financial clients will be able to neglect domestic tax laws. Even larger compliance and advice offices will be needed; this will increase costs and the necessary critical mass of clients within a foreign country will increase.<sup>490</sup> Credit Suisse has already started the process of decreasing fiscal and legal risk exposure by terminating client relationships which are unprofitable due to their size of asset value or the low mass of clients within the same jurisdiction.<sup>491</sup> This development is unavoidable.

The Swiss “Bankiervereinigung” believes that the recent withholding agreements would make the automatic exchange of information needless.<sup>492</sup> I think that it only delays the implementation. However, with the agreements in place, neither clients from the UK and Austria nor the responsible employees have anything to fear from an automatic information exchange with these countries. Therefore, both the LDF and the Swiss-UK tax agreement are good tools for retaining clients and safeguarding employees for the inevitable time of automatic tax information exchange. Daily news stories show that the pressure on Liechtenstein and Switzerland will not end in the short term; therefore, further agreements are essential.

## 5.3 The LDF

The LDF was a strong sign to support the intention of the Liechtenstein Declaration. The agreement confirms the country’s independence, and shows that good agreements can be negotiated without the cover of Switzerland. However, while the start was promising, no new similar agreements were concluded in the years that followed.

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<sup>489</sup> HMRC, 2012 (6), p. 1 & 2.

<sup>490</sup> Giger, Happe & Meyer, 2012, p. 756.

<sup>491</sup> Hässig, 2013.

<sup>492</sup> Götzenberger, 2010, p. 2645.