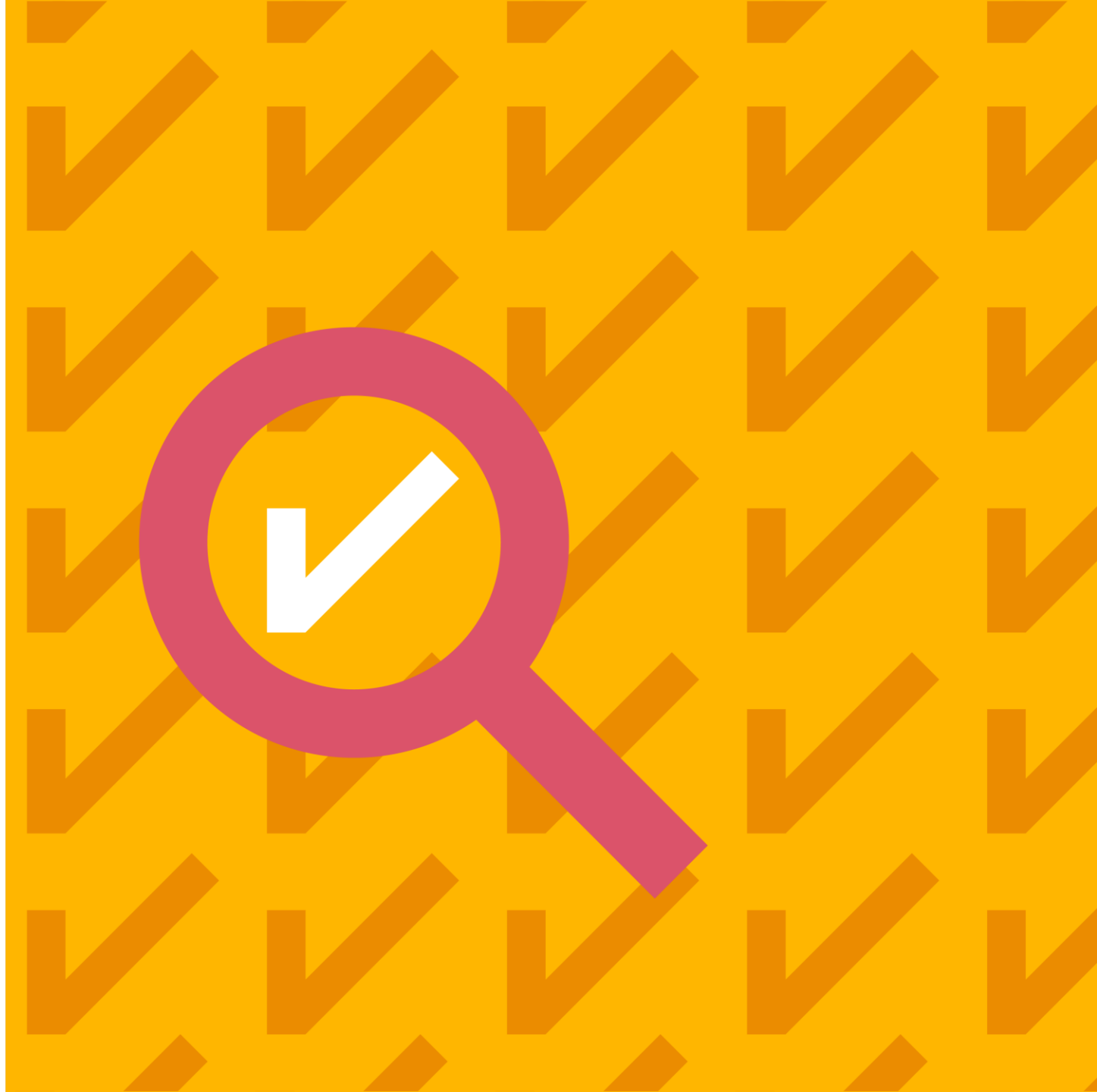
Transparency in corporate matters

Global, European and Swiss trends
October 2019



Agenda

1. Global corporate transparency trends
2. FATF standards on transparency and beneficial ownership
3. Corporate transparency in Switzerland
4. Corporate transparency in Switzerland/bearer shares
5. Company registers/FATF Guidance/EU directives
6. Company registers/national implementation
7. Swiss register of beneficial owners
8. Examples of beneficial owner registers in Europe
9. Examples of beneficial owner registers outside Europe
10. EU Shareholders Rights Directive II (‘SRD II’)
11. EU Shareholders Rights Directive II/extraterritorial effect
12. DAC 6: New EU mandatory tax disclosure rules
13. Our services

Global corporate transparency trends

Enhanced due diligence measures are required on complex structures, nominee holdings/directorships and other business practices associated with the concealment of beneficial ownership (Global Forum Recommendations)

- **Tax transparency initiatives** have been implemented worldwide, such as FATCA, CRS and CBCR
- **Rules against tax avoidances schemes** are introduced, e.g. DAC 6 EU mandatory disclosure rules (BEPS Action 12 Report)

More transparency in

- Corporate governance
- Financial reporting
- Board remuneration
- Investment strategies
- ESG (Environmental, Social and Governance) disclosure and reporting initiatives

(e.g. Shareholder Rights Directive II)

Stricter regulation and enforcement to prevent misuse of companies and structures for money laundering, tax evasion and corruption (e.g. FCPA, UK Anti Bribery Act and CFA)

- Transparency on **benefit and control** is of global priority (FATF Recommendations, Wolfsberg principles, EU AML directives etc.)
- Focus has shifted from banks to corporations and trusts
- **Registers** on beneficial ownership

- Detection of suspicious behaviour accelerates (AI-supported transaction surveillance)
- **Cooperation between FIUs/tax authorities** and public-private is strengthened to counter money laundering tax evasion and other financial crime
- **Data protection laws differ** in jurisdictions worldwide

FATF standards on transparency and beneficial ownership

	Guidance on transparency and beneficial ownership of legal persons and arrangements
FATF Recom-mendations 24/25	The FATF Recommendations on transparency and beneficial ownership of legal persons and legal arrangements provide guidance on measures that countries should take to prevent the misuse of legal persons, incl. bearer shares and nominee shareholders/directors (Recommendation 24) and arrangements (Recommendation 25) from being misused for criminal purposes, including by: • Assessing the risks associated with legal persons and legal arrangements • Making legal persons and legal arrangements sufficiently transparent, and • Ensuring that accurate and up-to-date basic and beneficial ownership information is made available to competent authorities in a timely fashion.
Objectives	While the transparency and beneficial ownership requirements of the FATF Recommendations are aimed at fighting money laundering and the financing of terrorism, they also support efforts to prevent other serious crimes such as tax crimes and corruption.
Global standard setter	The FATF's leading role in setting worldwide standards on beneficial ownership was echoed in the actions taken by global leaders such as the G20 leaders' commitment to implement the FATF standards on beneficial ownership.

FATF standards on transparency and beneficial ownership

	‘Effective significant control and ownership’ in legal persons/arrangements (trusts or life insurance/investment linked policies)
Definition and disclosure of beneficial ownership	Beneficial owner refers to the ‘natural person, who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted’; this is determined by ultimate effective ownership/control through ownership interests, through positions held within the legal person or through other means (e.g. management control) and based on principles of a threshold and majority interest approach; member states may determine the appropriate minimum threshold, on a risk based approach basis.
Information sources	Among potential sources of information are listed: • Corporate/trust/asset registries (e.g. for land, property, vehicles, shares or other assets) • Other competent authorities that hold information (e.g. tax, financial authorities or other regulators), law enforcement authorities • Corporate or trust agents and service providers, including investment advisors or managers, lawyers, or trust and company service providers • Available information on listed companies.
Preventive measures	Such information should help financial institutions and designated non-financial businesses and professions to implement customer due diligence requirements on corporate vehicles including to identify the beneficial owner, AML risks and implement AML controls (including SARs and sanctions requirements).

Corporate transparency in Switzerland

	Implementation of FATF/Global Forum Recommendations
Notification duties/register	In 2015, the first part of the Swiss Transparency Rules came into force, with an impact on unlisted companies (corporate register on shareholders/beneficial owners) and their shareholders (shareholding notification duties).
Implementation of Global Forum Recommen-dations	Following the Global Forum's Peer Review, Switzerland introduced the Federal Act implementing the recommendations of the Global Forum on Transparency and Exchange of Information for Tax Purposes (the 'Global Forum Act') and made revisions to the Swiss Code of Obligations. Existing notification duties were tightened, criminal sanctions introduced and bearer shares (almost) abolished, with some articles leaving room for interpretation.
Swiss Global Forum Act	In June 2019, the Swiss Federal Assembly adopted the Global Forum Act, which will enter into force on 1 November, 2019, before the next Peer Review. Guidance from the Federal Administration will be published shortly.
Impact	Several thousand companies in Switzerland are impacted by the transformation and abolition of bearer shares; pledges and other agreements secured by underlying bearer shares have to be reviewed and adjusted.

Corporate transparency in Switzerland/bearer shares

	Transformation/abolition of bearer shares for unlisted companies (Global Forum Act)
Bearer shares general prohibition	With the Global Forum Act, bearer shares for non-listed Swiss companies are in general prohibited and new bearer shares may no longer be issued by unlisted companies.
Exceptions	Exempt from this prohibition are: • Companies with shares listed on a stock exchange, which may issue bearer shares • Bearer shares structured in the form of intermediated securities, held in a custody account with a Swiss custodian, and • Companies with registered shares, which are not registered in the Stock Register (‘so called disposhares’), under the beneficial owner and listing rules disclosure thresholds. Applying an exception needs to be entered in the Commercial Register.
Restructuring	Bearer shares not listed on a stock exchange can be restructured into intermediated securities, provided they are restructured within 18 months since enactment of this revision, subject to a resolution by the General Meeting.
Conversion	Within 18 months of the enactment of the Global Forum Act, outstanding bearer shares need to be converted into registered shares, if no book-entry solution is chosen; Articles of Association need to be amended accordingly.

Corporate transparency in Switzerland/bearer shares

	Abolition of bearer shares for unlisted companies (Global Forum Act)
Automatic conversion	An automatic conversion of bearer shares into registered shares is performed by the Commercial Register and restorative legal actions are taken to amend the Articles of Association if: • No conversion is carried out by the company within this period, and • No exception applies.
Loss of shareholder's rights	Within 5 years of the enactment of the Global Forum Act, holders of bearer shares will lose their rights to their shares, without receiving any compensation, if they miss the timeline of notification to the company or a shareholding registration request to the court, upon consent by the company. Such unclaimed bearer shares become null and void and are replaced by the company's own treasury shares.
Compensation claim	Within 10 years of the enactment of the Global Forum Act, holders of bearer shares can claim compensation (fair value of shares) for the loss of their shareholders' rights, under the following conditions: • The shareholders can prove, that they are not at fault, and • The company has sufficient freely disposable equity for such compensation.

Company registers/FATF guidance/EU directives

	Requirements for company registers
FATF guidance	The FATF Guidance Paper on Transparency and Beneficial Ownership, from 27.10.2014, includes example features on company registers.
	Implementation of FATF Recommendations at EU level
Definition of company beneficial owner	Under the 4th EU Directive, adopted in 2015, a beneficial owner of a company is an individual with ultimate ownership or control of the company via minimum threshold of shares or voting rights or control via other means (e.g. through the company's management); shareholdings or ownership interests exceeding 25% are deemed as an indication of ultimate control.
EU goes beyond FATF Recommen-dations	The EU, while implementing the FATF Recommendations, is developing its own counter-terrorism and money-laundering strategy, which partly goes beyond the FATF Recommendations. In the 5th EU AML Directive, discretion to Member States has been restricted, and access extended to beneficial owner data in particular. The UBO Register, established under the 4th EU AML Directive, lists beneficial owners of companies, trusts, foundations, as well as other legal arrangements similar to trusts. With the introduction of the 5th EU AML Directive (enforced in July 2018), the register for: • Unlisted companies will have to be made accessible to the general public by early 2020, and • Trusts and similar legal arrangements to people with a 'legitimate interest' by March 2020 at the latest (exemptions from such access to the register are allowed in exceptional cases).

Company registers/national implementation

	National requirements for company registers
National registers	Most of the major jurisdictions have set up company/trust registers, with some variations concerning e.g.: • The definition of beneficial owners, and • Public access with restrictions in certain situations, or upon request, different disclosure thresholds, different penalties etc.
Impact on multinationals and their owners	The variations or interpretations of vague terms (e.g. ‘legitimate interest’ or ‘exemptions from public access’) and different transpositions into member state laws, create challenges for multinationals with corporate offices in various jurisdictions. Also the investment funds industry is impacted, and it might be unexpected for some shareholders, that their private interests are now publicly accessible. Owners might be domiciled in other jurisdictions than the jurisdiction of the register.

Swiss Register of Beneficial Owners

Who is impacted by registration duty

- **Non listed Swiss companies** (incl. companies limited by shares, limited liability companies, cooperatives, SICAV's etc.) with bearer share and capital participation holders and beneficial owners of substantial bearer and registered shareholding (acquisition of =/>25% of the share capital/voting rights) are impacted
- Each non-listed company needs to keep a Register of Bearer Shares and of Beneficial owners
- Listed companies are subject to specific Swiss listing Rules, no notification of bearer shares below a 3% threshold is required
- Board members may be personally liable
- For trust registers, foreign jurisdictions of their nexus apply

- Shareholders and participation holders with shares not structured as intermediated securities according to the Swiss Intermediated Securities Act, are impacted
- As opposed to listed companies, where the beneficial owner needs to notify, **the direct acquirer notifies the non-listed company**
- Registered shareholders are entered in a company's stock ledger anyway, LLC holders into the commercial register

Swiss Register of Beneficial Owners

Who is a UBO

- A natural person, **for whom the acquirer is ultimately acting,** in detail:

  A natural person, who alone or by agreement with third parties acquires shares in a company with shares not listed on a stock exchange, and thus reaches or exceeds the threshold of 25% of the share capital or votes.
- If there is no such person, the acquirer must inform the company accordingly (‘negative declaration’)

UBO in multilayer Structures

- If the direct shareholder of an unlisted company is a legal entity or a partnership, the natural person who controls the shareholder must be reported as the beneficial owner (for its definition the **consolidation rules under Swiss accounting law apply**)
- Exercising control over the shareholder means “the natural person who (a) directly or indirectly holds the majority of the voting rights in the highest management body of the direct shareholder; (b) directly or indirectly has the right to appoint or remove the majority of the members of the board of directorsof the direct shareholder, or (c) can exercise a controlling influence over the direct shareholder by virtue of the articles of association, the foundation deed, a contract or comparable instruments”
- If there is no such person, the shareholder must inform the company accordingly (‘negative declaration’)

Swiss Register of Beneficial Owners

Which UBO details

- Name, surname, address of the beneficial owner of the shares
- Subsequent changes of name and address of the beneficial owner of the shares
- Beneficial owner changes with share transfer (without transfer of shares: shareholders in multilayer setups are not always aware of a change of beneficial ownership)

Who can access the information

- Board members
- Competent authorities, financial Intermediaries, within their legal tasks and requirements
- The register is not public

Sanctions for NON-compliance

- Registered entities are subject to criminal fines and might face dissolution
- Board members /managing directors and anyone who fails to comply with the obligations under the register are subject to criminal fines
- Membership and financial rights may be suspended or lost, without compensation
- Negative impacts for creditors with claims secured by bearer shares might be triggered

Swiss Register of Beneficial Owners

Practical impacts

- The rules on beneficial ownership disclosure have been in effect since 2015; they have been revised within the Global Forum Act with entry into force on 1 November 2019
- Multilayer companies and their shareholders need to double-check proper fulfillment of their notification duties in accordance with the revised rules
- Structures without natural persons as the controlling party need to be reviewed, in order to ensure proper disclosure to the company
- To avoid a lack of organisational diligence, companies need to double-check their registers, internal processes and documentation

Examples of Beneficial Owner Registers in Europe

Goal: EU-wide connection of all EU registers planned (Business Registers Interconnection System)

Luxembourg

Public register, in effect since 1 March 2019 (transitional period extended until 30 November 2019) including natural person(s) with ultimate ownership or control (more than 25% voting or ownership rights as an indication of control) of all types of Luxembourg entities and investment/common funds and local branches of foreign companies; in certain cases supporting documentation is required. Starting 1 September 2019, public access is granted to any individual (whether resident in Luxembourg or not); legitimate interest is required only for trusts; it may be possible to restrict access. An explanatory guide has been published by the RBE.

UK

(Standard Setter)

First EU/OECD country with a public Register of People with significant Control ('PSC' >25% shares/voting rights or with significant influence in other ways) of UK, mainly unlisted companies (for trusts, similar provisions apply).

First of its kind in the world UBO – Register of Overseas Entities/Trusts owning UK property, operational in 2021 (with thresholds and UBO definitions as per PSC Register).

Germany

An electronically-managed **Transparency Register is in effect** in Germany, listing UBOs of most types of unlisted entities and certain types of trusts, > 25% shares/voting rights or control in comparable ways.

A draft bill adapting the 5th EU AML Directive was published in July 2019 by the government, and is expected to be enforced in January 2020. The bill extends register access to the public, a limited exemption from public access can be requested by the UBO. Residencies are not available to the public.

Liechtenstein

With the new Act on the Register of Beneficial Owners of Domestic Legal Entities, enforced on 1 August 2019, FL companies/trusts and foundations are required to register, their UBOs (with >25% voting rights/capital/profit; similar provisions apply for trusts/foundations); existing legal entities must report the required data by the end of January 2020 at the latest, new legal entities within 30 day of their registration in the Commercial Register.

Implementing the 4th EU AML Directive as an EEA member, access is granted to authorities, and to the public, when a legitimate interest is provided. The implementation of the 5th EU AML Directive is pending.

Examples of Beneficial Owner Registers outside Europe

USA

FinCen Rules on Customer Due Diligence Requirements, effective since May 2018, require financial institutions **to identify the UBO of legal entity customers** (=/>25% and single individual with significant control);
To disclose UBO information publicly, is in general up to each state to decide; federal draft bills creating a beneficial ownership registry accessible to federal and state law enforcement agencies – not public – is currently in the legislative process, expected to be approved later this year.

BVI

The BVI has implemented a central database called **'Beneficial Ownership Secure Search System',** with information broadly equivalent to that in the UK Register on Persons with Significant Control of UK unlisted companies. Amendments to adjust to the new rules of economic substances and avoid being placed on the EU's blacklist, have been introduced in 2019. Currently only BVI authorities (also upon request, UK FIU) have access; the obligation to introduce public access has been extended for the BVI, other British Overseas Territories and Crown Dependencies, until 2023.

Hong Kong

Companies in Hong Kong need to maintain **a 'Significant Controllers Register':**

- Of registrable persons/legal, non-listed entities (incorp. in HK or outside and a member of the HK company);
- With ultimate significant control over a HK company ('significant controllers': >25% of shares, voting rights, other significant control).

This register reflects the UK regime, however without public access (only to law enforcement officers upon demand).

Singapore

Singapore requires Singapore-incorporated companies, registered LLPs and foreign companies to maintain a **Register of Controllers.** Singapore-listed companies and financial institutions are exempted. This register reflects the UK regime, with the exceptions, that no access is granted to the public and companies can withhold information that is subject to a legal privilege.

EU Shareholder Rights Directive II ('SRD II')

	Overview/principles
Background	The financial crisis, revealing certain cases of excessive short-term risk taking and focus on short term revenues only, in combination with a lack of internal governance control, put **pressure on global corporate transparency and accountability.**
Directive approval	The **Directive (EU) 2017/828 ('SRD II'),** amending Directive 2007/36/EC, as regards the empowerment of shareholders with a long-term vision, was adopted by the European Council in June 2017. The approach is similar to and supplements corporate governance and stewardship codes.
Transposition Timelines	By **10 June 2019,** member states were required to transpose the majority of SRD II's requirements into national law, while they have **until September 2020** to transpose into national law measures relating to the identification of share-holders, transmission of information and facilitation of the exercise of shareholders rights (Articles 3a, 3b and 3c of SRD II). With regard to some rules, EU member states can exercise discretion in their transposition; certain rules can be excluded from the scope (e.g. intragroup transactions). Not all countries have enforced the transposition regime, e.g. in Germany the transposition process is still ongoing.
Targeted companies	Targeted are **EU-listed companies** and their intermediary shareholders, institutional investors and asset managers; to a certain extent the reach goes beyond listed companies and national regimes may include unlisted companies.

EU Shareholder Rights Directive II

	Transparency principles in general/in corporate governance
Main objectives	The directive's goal is to strengthen **transparency/sustainability** through the whole of the corporate system/investment chain and corporate governance of listed companies; particular focus is on transparency in ownership, voting process, risk disclosure and reporting, related party transactions, remuneration, investment strategy, integration of investor engagement and intermediary charges. A comply-or-explain approach applies in general.
Long-term sustainable shareholders' engagement	A public engagement policy should describe how institutional investors and asset managers integrate shareholder engagement in their investment strategy, which different engagement activities they choose to carry out and how they do so. The engagement policy should also include **policies to manage actual or potential conflicts of interests.** Intermediaries (also from third countries) are obliged to cooperate and facilitate for the shareholders to exercise their rights, also on a cross-border basis. **GDPR** applies with regard to shareholders' data storage and retention.
Stronger shareholders' rights Identification of shareholders </= 0.5%	Intermediaries, such as banks, will have to ensure that they pass on the necessary information from the company to the shareholders timely, and vice versa, such as by transmitting in **standardised format, also cross-border:** • Shareholder information upon the company's request, without 'undue delay' (name, contact, registration number and number of shares) • Information on general meetings and corporate events.

EU Shareholder Rights Directive II

	Transparency principles in general/in corporate governance
Asset owners, asset managers	The new rules require that institutional investors and asset managers **are transparent about how they invest,** how they **align the investment strategy** to the investment profile and long-term liabilities, and how they engage with the investee companies. Investors are encouraged to adapt more **long-term focus** in the investment strategies and to consider **social and environmental issues.** Investment strategy and arrangements with asset managers are published.
Proxy advisors	Proxy advisors – also from third countries – are required to **disclose certain key information** (methodology, sources and policies) about the preparation of their recommendations and advice and to report about the application of the **Code of Conduct they** apply.
'Say on pay' (remuneration policy)	Shareholders will have the right to know how much the directors are paid and will be able to influence this; they will have the right to hold a **binding or advisory vote** on the remuneration policy; companies need to consider the shareholders' discussions or votes on the remuneration report.
Related party transactions	Transactions between a listed company and a related party (definition is based on account standards) will require **approva**l by the shareholders and/or the board; material-related party transactions (various thresholds of 5% ratio apply) will have to be **publicly disclosed** at the time of their conclusion, at the latest, and approved by the company's management body. Certain transactions are excluded from the approval and disclosure requirements. Procedures and controls to identify relevant transactions need to be put in place.

EU Shareholder Rights Directive II/extraterritorial effect

	Impact on third-country firms incl. Switzerland
Extraterritorial effect	With the transposition of SRD II in the different national regimes, Swiss and other third-country companies have to deal with the **regulatory requirements of each EU member state** for their clients.
Impact on Swiss banks	Intermediaries providing safekeeping or administrative services with respect to shares of EU/EEA publicly-listed companies should: • identify **gaps/timelines** in shareholder information collection, corporate events, voting processes • **review internal/external documentation and processes** on their compliance with the SRD II, and • **use time and cost-effective support** through new technologies and the digitisation of operational processes.
Impact on asset managers and life insurers	Asset managers and life insurers should **review existing engagement policies and practices** (e.g concerning investment strategy, engagement with investee companies, exercise of voting rights, cooperation with other shareholders, communication with relevant stakeholders of the investee companies, interest conflict management) to ensure compliance with the new rules. They will also need to determine the appropriate level at which to disclose their policy, e.g. at firm or group level, by product or groups of products etc. Affected firms must identify additional information (risks, corporate governance matters etc.) on investment strategies that should be disclosed. They should also assess the arrangements that need to be in place to make those disclosures, including how to identify the information and where the disclosures would be made (e.g by annual reporting).

DAC 6

New EU mandatory tax disclosure rules

	Overview/principles
Background	Tax transparency is another key topic for governments to counter tax avoidance, mainly triggered by the Panama Papers' and similar other revelations on certain tax planning practices. Part of the new tax transparency initiatives has been the adoption of the Common Reporting standards (CRS). Under Art. 12 of the OECD's BEPS (Base Erosion and Profit Shifting) Project, **cross-border** arrangements are targeted, which could appear to be opaque or as CRS avoidance schemes.
EU administrative cooperation	The proposals for the **amendment of Council Directive 2011/16/EU on administrative cooperation in the field of taxation** (commonly referred to as DAC 6) originally announced by the European Commission in June 2017, are in force.
Goal	Goal of DAC 6 is the contribution to an **environment of fair taxation in the EU market** by a mandatory reporting of 'potentially aggressive cross-border tax-planning arrangements'.
National transposition in 2020	National transposition deadline is effective from **1 July 2020.** Member states are expected to provide guidance and may also **add domestic arrangements** in their national requirements. The **first one-off reporting is due in August 2020 and covers cross-border agreements,** which have been established or started to be implemented **between 25 June 2018 and 30 June 2020.** Some EU Member States have already started with drafting, publishing and early adopting the national regime.
Imminent world-wide effects	**Since 25 June 2018** – even before their national implementation in 2020 – cross-border arrangements need to be monitored for potential reporting, due to the retrospective effect of DAC 6.

DAC 6

New EU mandatory tax disclosure rules

	General scope of disclosure rules
Intermediaries	In the scope of the disclosure rules are primarily **intermediaries, who design, market, organise and make available or assist with the cross-border implementation (and in some cases) domestic tax planning schemes,** provided: • They have a nexus to the EU (tax residence or place of incorporation; permanent establishment or branch, activities in the EU, being registered with a tax, consultancy or legal professional association in the EU), and • Certain further requirements (see below) are fulfilled.
Individuals or companies	An intermediary can be either an **individual or a company** (i.e. banks, trust companies, insurance intermediaries, consultants, accountants, financial advisers, lawyers, including in-house counsel and group treasury functions). Financial statement audit or pure tax compliance activities typically are not in the scope.
Taxation in scope	Taxation covered by the directive include **direct taxes mainly** (income tax, corporate tax, capital gains tax , real estate tax, wealth tax and inheritance tax etc.); indirect taxes are mostly excluded. Cross-border tax planning arrangements may concern all taxpayers, including natural persons, legal persons (i.e. companies), and legal arrangements (i.e. trusts and foundations).

DAC 6

New EU mandatory tax disclosure rules

	Potentially reportable tax planning arrangements
Cross-border arrangements	Reportable **cross-border arrangements** are transactions, which: • affect at least one EU member state, and • meet the requirements of one of a number of hallmarks with particular characteristics identified as potentially indicative of aggressive tax planning.
Hallmarks	This means that **ordinary transactions, which are not potentially aggressive tax planning** e.g.: agreements with confidentiality clauses, cross-border leasing, securitisation structures, certain types of reinsurance and many **standard group internal corporate funding structures** may become reportable, if one of the hallmarks below is fulfilled.
'Main benefit' test	For some of these hallmarks an arrangement is only reportable if it is also captured by the so-called **'Main Benefit' test;** meaning that one of the main objectives of the arrangement is to obtain a (non-incidental) **tax advantage;** e.g. low threshold/preferential tax regimes, tax outcome of significance.

DAC 6

New EU mandatory tax disclosure rules

Potentially reportable arrangements

Hallmark transaction categories

Among the **hallmark transaction categories** are:

- Linked to the main benefit test, arrangements that involve mass-marketed schemes, standardised documentation and/or structure
- Linked to the main benefit test, confidentiality clauses that would prevent the disclosure of a potential tax advantage
- Arrangements with **non-transparent legal or beneficial ownership chains,** which include:
  - Entities without economic substance
  - Entities for which their residence does not match the beneficial ownership of their assets, or where the beneficial owners are made unidentifiable
- **Cross-border payments and transfers**
  - Broadly drafted to capture **innovative planning** but target many ordinary commercial transactions where there is no main tax benefit; including certain deductible cross-border payments between associated enterprises.

DAC 6

New EU mandatory tax disclosure rules

	Potentially reportable arrangements
Hallmarks transaction categories	• Arrangements which may **undermine (CRS) tax reporting/transparency** • **Transfer pricing** considered to be not at arm's length, highly uncertain pricing (intangibles) or base erosive transfers (use of unilateral 'safe harbor rules'), restructurings with significant profit shifts, following transfer of functions and/or risks and/or assets between jurisdictions
	Reporting
2020 national reporting	Reportable schemes need to be **notified primarily by the intermediary to the tax authorities of the EU member states of its residency,** within 30 days of implementation. If the intermediary for any reason does not notify, e.g. in case of advice from a non-EU tax advisor or in-house arrangements, the tax payer (includes third-country resident) **must notify** the tax authorities directly. The intermediary must consider informing the tax payer of its disclosure obligations (e.g. Swiss bank advising an EU client).

DAC 6

New EU mandatory tax disclosure rules

	Reporting
EU Intra-Member State Information Exchange	Via Automatic Information Exchange AEOI, by the **Common Communication Network ('CCN'),** EU member states share the information with the other EU member states.
Reporting information	**Reports** include all taxpayers and intermediaries involved, details of hallmarks, summary of arrangement, value, taxpayer and other persons in any member state being affected, as specified in the directive and local requirements.
Sanctions	**Non-compliance** may lead to material sanctions, reputational damage and personal liability of employees for intermediaries and tax payers, as specified in the national regimes.
	Review of existing and new transactions
Practical impacts/multinationals	**Multinationals** are impacted, even if their headquarters are in Switzerland. **Services of banks,** received and provided, need to be analysed, if they meet a sufficient involvement in a reportable scheme. Arrangements from 25 June 2018 are in focus for potential reporting, in the function as **intermediary or client,** and need to be recorded and reviewed. Who among all the intermediaries and which information to be reported should be clarified in a formal agreement.

DAC 6

New EU mandatory tax disclosure rules

	Reporting of ‘in scope’ schemes
Internal processes	**Group internal processes** need to be reviewed and established.
PwC DAC6 Smart Reporting tool	Our **‘DAC6 Smart Reporting’ tool** provides support with the: • Monitoring, identification and capturing of cross-border arrangements • Assessment of cross-border arrangements • Identification of responsible party for reporting, and • Reporting to local tax authorities.

Our services

We can support you by

Assessing the impact of various disclosure rules in corporate structures for companies and their stakeholders

Avoiding violation and negative consequences of disclosure rules

Advising on the bearer shares transformation process to avoid abolition, and review of corporate documentation and agreements

Providing advice and solutions on UBO Registers, scope and impacts, multi-nationally

How can we help?

Assessing impact under SRD II on your company (SMEs or multinationals); providing support to fill gaps in documentation/processes

Multinational assessment of DAC6 impacts ('global footprint') on status:

- As a tax payer and
- As a service provider/receiver

Retrospective review of documentation and support to establish internal processes to meet requirements under DAC6

Supporting you to identify reportable schemes with our DAC6 Smart Reporting tool

Our services

Contact us

Our Legal Experts

Tina Balzli

PwC | Partner | Attorney-at-law |
LL.M. (NYU), LL.M. (NUS)

Office: +41 58 792 1554
Mobile: +41 79 267 8241
Main: +41 58 792 4400
Email: tina.balzli@ch.pwc.com

PricewaterhouseCoopers AG
Birchstrasse 160, CH-8050

Carmen Sameja-Jaberg

PwC | Senior Manager |
Attorney-at-law

Office: +41 58 792 4406
Mobile: +41 76 563 1965
Main: +41 58 792 4400
Email: carmen.sameja-jaberg@ch.pwc.com

PricewaterhouseCoopers AG
Birchstrasse 160, CH-8050

Our Tax Experts

Begga Sigurdardottir

PwC | Tax Partner

Office: +41 58 792 4564
Mobile: +41 79 349 1578
Main: +41 58 792 4400
Email: begga.sigurdardottir@ch.pwc.com

PricewaterhouseCoopers AG
Birchstrasse 160, CH-8050

Bruno Hollenstein

PwC | Tax Partner

Office: +41 58 792 4372
Mobile: +41 79 865 1969
Main: +41 58 792 4400
Email: bruno.hollenstein@ch.pwc.com

PricewaterhouseCoopers AG
Birchstrasse 160, CH-8050

Thank you

pwc.ch