



# ISEEE Automatic Exchange of Information



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# Automatic Exchange of Information

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- ▶ Systematic and periodic transmission of “bulk” taxpayer information by source to residence country about income sources like:
  - ▶ dividends,
  - ▶ interest,
  - ▶ royalties,
  - ▶ salaries,
  - ▶ pensions,
  - ▶ rents
  - ▶ etc

# Tax office by Pieter Breughel the Younger



# Direct versus indirect Taxes

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## Taxes on Income and Wealth Direct Taxes

- ▶ Income taxes
- ▶ Capital Gain Taxes
- ▶ Wealth taxes
- ▶ Inheritance Taxes

## Taxes on consumption Indirect Taxes

- ▶ Value Added Tax
- ▶ Taxes on Interests
- ▶ Sales Taxes
- ▶ Excises
- ▶ Taxes on Property
- ▶ License Fees
- ▶ Environmental Taxes

# Direct Taxes

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## ► Income Tax

- An **income tax** is a government levy imposed on taxpayers that varies with the income or profits of the taxpayer.
- Taxpayer is required to declare all his (annual) income and profits and if required produce some material proof (Extract) => **Question of Trust**

# Indirect Taxes

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- ▶ VAT, taxes on interests, other indirect Taxes
  - ▶ Easy to calculate and to collect
  - ▶ Easy to determine (place of consumption, place of interests earned)
  - ▶ Easy to control
  - ▶ Collected almost instantly
  - ▶ Most work on intermediary (not on Tax administration)

# Government's priorities

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- ▶ Cash strapped Governments eager to collect more and more taxes
- ▶ Cannot solely resort to indirect taxes
- ▶ But determining taxable income becomes more and more difficult



# How to get a fair evaluation of income

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## ▶ Taxable Income

- ▶ Multiple Source of Income
- ▶ Spread over several Countries
- ▶ Capitalisation versus Distribution Investment Vehicles
- ▶ Technics to reduce Taxable Income
- ▶ Mobility of People
- ▶ Volatility of Currencies
- ▶ etc

# Tax debate: a dilemma

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- ▶ Pay taxes a general duty
- ▶ Save taxes corporate responsibility (pay just the amount due)
- ▶ Role of public opinion (social media)

# What next?

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- ▶ No confidentiality in tax matters
- ▶ Trend to more transparency vis a vis fiscal authorities (tax planning more important than ever)
- ▶ Corporate entities in a fiscal “construct” need to have substance
- ▶ But not yet a worldwide automatic exchange of information, Project blocked by Australia, Japan and UK (G20 Summit in Brisbane/Australia)