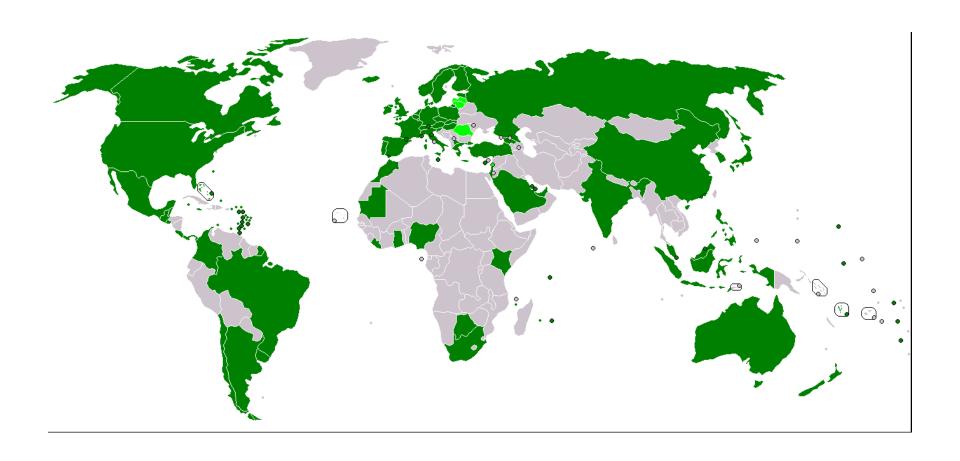
ISEEE Automatic Exchange of Information

Miami March 2015 By Michel Maquil

Automatic Exchange of Information



Automatic Exchange of Information

- 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

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

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

- 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)

Governement's priorities

- 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

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 dilemna

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

What next?

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