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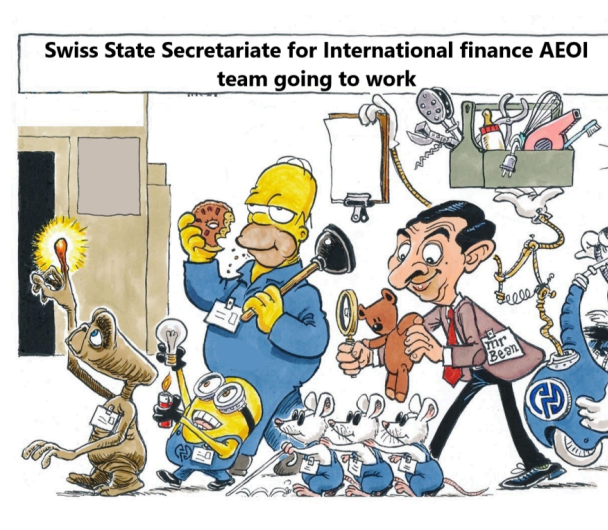
Swiss State Secretariate for International finance AEOI team going to work
Mr Bean

SIF's AIA team on way to work. Why does anyone believe their bullsh*t on forthcoming US reciprocal data after changing FATCA IGA-2 to IGA-1? 🤡

Mark Morris
CRS and CARF expert. No, truly.

September 26, 2024

Comments

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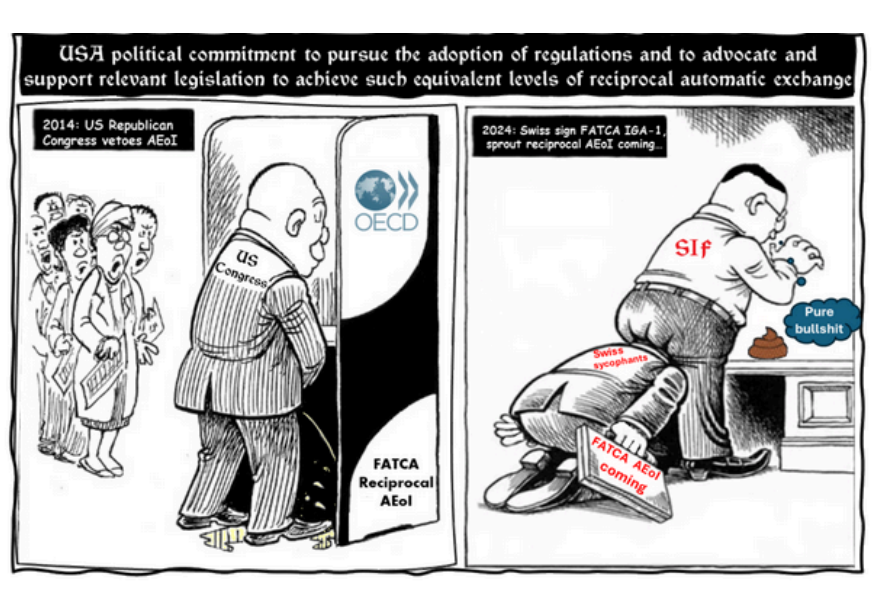
Start the conversation

AIA because in German AEOI is called Automatischer Informationsaustausch über Finanzkonten. Who believes their official krapola statement after signing FATCA IGA-1. "**This means that Switzerland will also receive account data from the United States in the future". They know nothing aboutthe IRS rev-proc that limit sthi sto specific info and specific countries, with Switzerland not yet on the safe list to receive data from US. Sigh....**


USA political commitment to pursue the adoption of regulations and to advocate and support relevant legislation to achieve such equivalent levels of reciprocal automatic exchange
2014: US Republican Congress vetoes AEoI
US Congress
OECD
FATCA Reciprocal AEoI
2024: Swiss sign FATCA IGA-1, sprout reciprocal AEoI coming...
SIF
Pure bullshit
Swiss sycophants
FATCA AEoI coming

When I criticised a senior tax leader at a big four audit company on his glowing positive comments on SIF's obvious ignoramus statement about subsequent forthcoming AEoI..., the munchkin retorted "I fully expect them to, do you expect otherwise?"

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PREFACE 1: US will never automatically exchange financial data with Switzerland or any other country if one of the houses of the US Congress or executive office is been dominated by the Republican party, as has been the case since FATCA was originally legislated in 2010. The Republicans refuse to even consider automatic exchange of info with other countries, despite Treasury's promise, a sweetner, to do so if partners signed the FATCA agreement. The Reublicans rightly say why should they reciprocate as they aready get the info from all other countris (who all fell for the fake sweetner of reciprcl FATCA). They also say reciprocal info systems will cost a fortune but not result in one penny income for the USA. Also, reciprocating info woul destroy much of their banking who take in customers from Mexico and Latin America, mainly by FIs in Florida and Texas.

There you have it, the US fooled the world with the promise of equivalent reciprocal info to get what they wanted, and why now give in? And SIF still believes reciprocal info will happen in the future. 😂

To be fair, it was Treasury and maybe IRS that made the "reciprocal" promise, but they had no power to legisate this. The US expressiion "they wrote a check that their ass could not cash" applies here, as it is exclusively up to Congress without a Presidential veto. The world didn't realise this until the fat lady had sung.
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PREFACE 2: Additionally, every 18 months or so, IRS updates a Revenue Proc regarding the  limited list of countries considered "safe" to receive data automatically, despite having a tax agreement. No-one knows what the criteria are to be considered "safe".
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NOTE : Switzerland is not yet on the REV-PROC safe list and must wait until the next REV-PROC which can take 18 months.
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SIF Senior AEoI Specialist
FI trusts to look through ALL entities
SIF Jnr AEoI Specialist

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Despite these restrictions to automatically provide info, SIF opines that "In the future,  Switzerland will also receive corresponding information from the US within the framework of an automatic exchange of information.
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State Secretariat for International Finance SIF
AEOI specialist staff

Enter the sycophants who believe in SIF's obvious garbage about reciprocal information to justify signing FATCA

- Hundreds of sycophant ignorans, including lawyers and tax advisors and trustees from top tier firms in Switzerland post linkedin articles shooting from the hip that "...this means that Switzerland will also receive account data from the USA in the future - but don't hold your breath: according to the current schedule, this should come into force on 1 January 2027". Unbelievable such mindless ignorant opinions gets dozens of likes from even bigger morons.

> Amazing how muppets comment on social media that "this is fantastic, at last, they destroyed our banking system so this will put an end to that, karma is a bitch, at last, finally!, etc. Even funnier, is when I retort to a senior tax manager at a big four auditing firm that no such information will be forthcoming, despite the turd statement by SIF, he retorts that "I fully expect them to, do you expect otherwise?". Eyes roll to back of head, motivating me to post this article to show these folks what schmucks they are....

The State Secretariat for International Finance (SIF) signed the FATCA InterGovernment agreement-1 replacing IGA-2 in late June 2024. They instantly sprout pure hog wash that "In the future, it Switzerland will also receive corresponding information from the United States within the framework of an automatic exchange of information".

We promised equivalent reciprocal reporting a decade ago but didn't provide data to any country. And now the Swiss morons believe we will automatically exchange information just because they signed a FATCA IGA-1.

- I strongly suggest that ignorant dweebs celebrating about Swiss signing the FATCA IGA-1 and terminating the IGA-2, that this means Switzerland will in the future automatically obtain bank account info of Swiss with US bank accounts from the US on tax dodgers should review IRS REV-PROC-2023-36. The change of model is expected to apply from 2027

The astonishing SIF statement

- In the case of Model 1, the tax authorities of both countries mutually exchange information on account data automatically.
- This means that Switzerland will also receive account data from the United States in the future

"This means that Switzerland will also receive account data from the United States in the future"

Lesson for the ignorants on US Automatic Exchange of Information - level 101 for amateurs

- As usual the US Treasury and IRS are always shooting from the hip, making promises about AEoI which they have no power to pass regulations.
- The expression *writing a check their ass can't cash*, comes to mind.
- Yet everytime someone from Treasury or IRS makes an announcement that AEoI is coming, the dummies on Linkedin crawl out the woodwork to celebrate this crap
- When SIF recently upgraded FATCA from IGA-2 to IGA-1, igorant idiots in Switzerland were opining "finally, at last, we've waited so long for this... etc."
- US legislation to exchange info automatically (or even on request) requires approval of both houses of Congress., Hous eof Repr and Senate.
- Can you hear what the Republicans say about this? No, you can't because they are still laughing their heads off.
- In any event, US would only permit the countries that are considered safe to to receive the reciprocal AEoI information, including for the Crypto Asset Reporting Framework (CARF).
- This measily list is currently 51 countries

IGA-1s are supposed to reciprocate the exchange of information from the US, but only to trusted partners

What does "trusted" foreign country mean: "meet the IRS's stringent safeguard, privacy, and technical standards"?

- One gets the list of trusted foreign countries from FATCA reciprocal reporting countries
- As a sweetener to encourage countries to agree to FATCA, some IGAs required the IRS to reciprocally exchange certain information about accounts maintained by residents of foreign jurisdictions in U.S. financial institutions with their jurisdictions' tax authorities.
- The IRS however, would only engage in reciprocal exchange with foreign jurisdictions that, among other requirements, **meet the IRS's stringent safeguard, privacy, and technical standards.**
- Before exchanging with a particular jurisdiction, the United States conducted detailed reviews of that jurisdiction's laws and infrastructure concerning the use and protection of taxpayer data, cyber-security capabilities, as well as security practices and procedures.
- However, there is no assurance that the IRS is fully secure nor is there any indication that the IRS would take financial responsibility should disclosure of private financial information cause financial losses or other damages.
- The level of reciprocity of the IGAs signed by the US is weak as far as the US Treasury lacks the authority to prescribe regulations that would require US Financial Institutions to report the same information that FFI must submit to the IRS, like balance accounts.

US has tax agreements with 94 countries but only categorise 51 as being safe to provide AEoI

- The USA will only **consider** FATCA's reciprocal automatic exchange of information with countries that have a tax agreement with US
- A subset of these 94 countries with which the US has an income tax or other convention or bilateral agreement relating to the exchange of tax information are potential candidates for AEOI from the USA a
- This subset (now at 51 countries) is listed in the countries which US provides the limited reciprocal FATCA information, i.e. interest on bank deposits paid to nonresident aliens.

> NOTE : Switzerland is not yet on the REVV-PROC safe list and must wait until the next REV-PROC which can take 18 months.

IRS REV-PROC-2023-36

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This revenue procedure provides a list of the jurisdictions with which the United States has in effect a relevant information exchange agreement such that the reporting requirement of §§ 1.6049-4(b)(5) and 1.6049-8(a) of the Income Tax Regulations may apply with respect to certain deposit interest paid to residents of such jurisdictions.

This revenue procedure also provides a list of the jurisdictions with which the Department of the Treasury (Treasury Department) and the Internal Revenue Service (IRS) have determined that it is appropriate to have an automatic exchange relationship with respect to the information collected under §§ 1.6049-4(b)(5) and 1.6049-8(a).
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Reciprocal information is extremely restricted on certain interest

- Rev Proc reporting requirement of §§ 1.6049-4(b)(5) and 1.6049-8(a) of the Income Tax Regulations may apply with respect to certain bank deposit interest and original issue discount paid (zero coupon debt) to certain nonresident alien individuals, where the annual amount exceeds USD 10. The term interest does not include an amount that is paid by the issuer or its agent outside the US.

Not so fast on the meaning of AEoI

- However, the US exchanges information only with **51** jurisdictions which have been determined by the Treasury Department and the IRS to be "appropriate to have an automatic exchange relationship of **certain deposit interest** paid to residents of such jurisdictions".
- So the US AEOI is to a small list of countries and only about certain deposit interest. As useful as a chocolate teapot.

Rev Proc 2023-36 page 1485 Rules and Regulations on USA AEOI

Rev proc 2023-36

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This revenue procedure updates and supersedes Rev. Proc. 2022-35. Ecuador is added to the list of jurisdictions with which the United States has in effect a relevant information exchange agreement. Argentina and Kazakhstan are added to the list of countries with which Treasury and the IRS have determined it is appropriate to have an automatic exchange relationship with respect to the information collected under Treas. Reg. §§ 1.6049-4(b)(5) and 1.6049-8(a).
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Rev Proc 2022-35 lists the 51 jurisdictions with which the US Treasury Department and the IRS have determined to be appropriate to have an automatic exchange relationship of certain deposit interest paid to residents of such jurisdictions:-
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> Australia, Argentina, Azerbaijan, Belgium, Brazil, Canada, Colombia, Croatia, Curaçao, Cyprus, Czech, Denmark, Dominican Republic, Estonia, Finland, France, Germany, Gibraltar, Greece, Guernsey, Hungary, Iceland, India, Ireland, Isle of Man, Israel, Italy, Jamaica, Jersey, Kazakhstan, Republic of Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mauritius, Mexico, Netherlands, New Zealand, Norway, Panama, Poland, Portugal, Saint, Singapore, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Turkey, United Kingdom.

But the OECD is satisfied with the US political commitment to advocate and support relevant legislation for FATCA equivalent reciprocal reporting?

- See OECD's Global Forum on Transparency and exchange of information for tax purposes AUTOMATIC EXCHANGE OF INFORMATION (AEOI): STATUS OF COMMITMENT as at 23 April 2024

> *Notes: The United States has undertaken automatic information exchanges pursuant to FATCA from 2015 and entered into intergovernmental agreements (IGAs) with other jurisdictions to do so.*

> *The Model 1A IGAs entered into by the United States acknowledge the need for the United States to achieve equivalent levels of reciprocal automatic information exchange with partner jurisdictions.*

> *They also include a political commitment to pursue the adoption of regulations and to advocate and support relevant legislation to achieve such equivalent levels of reciprocal automatic exchange.*

SIF again

- Read my article on SIFS being a total loser in understanding CRS.
- Swiss State Secretary International Finance misinterpret CRS, obliging trusts look through FIs, central bank, regularly traded corp, international organisations & govt entities

Summary

- Next time a clown rejoices that the US is going to reciprocate AEoI, complete the circus act....

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Mark Morris
CRS and CARF expert. No, truly.

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