

4. India To Get Swiss Bank Details of Indians

Prelims: Economics

Mains: GS-III- Indian Economy and issues relating to Planning, Mobilization of Resources, Growth, Development and Employment.

Why in News?

- ▶ From September 1, India will start receiving information on all financial accounts held by Indian residents in Switzerland, for the year 2018.
- ▶ In a tweet on August 31, the Income Tax Department said: "India will receive information of the calendar year 2018 in respect of all financial accounts held by Indian residents in Switzerland. This will be a significant step in the Government's fight against black money as the era of Swiss bank secrecy will finally be over."

Highlights:

- ▶ The Income Tax department's announcement follows a meeting between Switzerland's Nicolas Mario Luscher, Deputy Head of Tax Division, State Sectt for International Finance, with Revenue Secretary Ajay Bhushan Pandey and senior officials of the Central Board of Direct Taxes (CBDT), on August 29-30.
- ▶ However, this is not a new measure. In 2016, India and Switzerland had signed an information-sharing deal on bank accounts, which was to come in effect from September 2019.
- ▶ In November 2016, the Embassy of India to Switzerland in a statement had said: "Switzerland and India signed a joint declaration on the introduction of the automatic exchange of information (AEOI) in tax matters on a reciprocal basis. Both countries intend to start collecting data in accordance with the global AEOI standard in 2018 and to exchange it from 2019 onwards."
- ▶ This **automatic exchange of information (AEOI)** is to be carried out under the **Common Reporting Standard (CRS)**, the global reporting standard for such exchange of information, which takes care of aspects such as confidentiality rules and data safeguards.
- ▶ **The CRS has been developed by the Organisation for Economic Cooperation and Development (OECD).**

- ▶▶ Under the agreement, India will not receive information on bank accounts prior to 2018.
- ▶▶ According to the Indian Embassy statement, under the agreement, “both jurisdictions will inform each other of any relevant developments in respect to the implementation of the OECD Common Reporting Standard in their respective domestic laws.
- ▶▶ Each jurisdiction confirms that it has informed the other jurisdiction about the modalities made available to persons making a voluntary disclosure of their financial assets for a smooth transition to the system of automatic exchange of information.”
- ▶▶ The step is likely to shed more light on the wealth Indians have stashed away in Swiss bank accounts, for so long governed by strict local rules of secrecy. In 2018, data from Zurich-based Swiss National Bank (SNB) had shown that after declining for three years, money parked by Indians in Swiss Banks rose 50 per cent to CHF (Swiss Franc) 1.02 billion (Rs 7,000 crore) in 2017 over the previous year.

