



March 2021

Israeli Tax Authority actively approaches Switzerland to obtain information

In recent days, several news articles have surfaced regarding an aggressive move by the Israeli Tax Authority (ITA), which involved an application by the ITA to the Swiss Federal Tax Administration (FTA) requesting information on affluent Israelis and their families in connection with bank accounts and assets held by them in Switzerland, individually and through foreign companies.

This step joins other recent actions taken by the ITA in an attempt to locate assets of affluent Israelis abroad, including a flurry of requests for capital declarations from many trusts and investigations into existing tax arrangements.

The ITA's inspection is not necessarily focused on criminal tax evaders but is part of a series of inspections conducted by the ITA on the grounds that activities abroad which have not been taxed until now in Israel, are now taxable.

Generally, when the ITA approaches the FTA and asks to receive information based on the double tax treaty signed between Switzerland and Israel on 2003, the FTA diligently reviews the application and makes a decision on whether to accept it or not. Information requested and exchanged in such cases is much more detailed than the information automatically exchanged between the countries and can cover a longer period, including closed accounts.

It appears that the FTA already started to collect information, and as part of the process published in its official gazette a list of names, which includes also date of birth of individuals and date of incorporation for companies that appear in the list.

It is highly probable that the published list is not conclusive, and the ITA application includes additional names that were not published to date.

The official deadline for submitting requests to the FTA lapsed on February 27th. However, it appears that it may still be possible for individuals and companies to join the process.

Joining the process is possible only using local Swiss representation. The major advantage in doing so is that every applicant who joins the process before a decision is taken by the FTA, may have access to the original application of the ITA, and that all information in connection with the said applicant

will not be publicly shared with anyone except the local representative. If one does not manage to join the process before the FTA made a decision, then it may be possible to file, within 30 days after the FTA decides to share the information, an appeal asking not to share information on a specific person or company. Such an appeal will enable the client to control information exchanged on his specific matter and to better prepare for any possible future proceeding before the ITA.

We recommend reviewing the published list diligently and checking whether any know name appears there and if so, to consider the next steps.

Individuals and companies whose name does not appear on the list must refer to the recent publications as another signal of the proactive approach taken by the ITA for collecting information on high net worth individuals, in order to review past tax arrangements and conduct audits on high net worth assets held privately, or through foreign trusts and corporations.

Our firm's Tax Department, in Tel Aviv and in Zurich, has vast experience in dealing with such issues, preparation for such ITA inspections, and handling information requests.

For assistance and information on the above and any other tax matters, feel free to directly contact any of the partners listed below:



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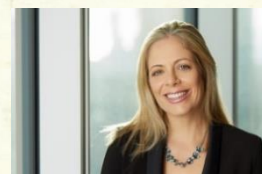
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