STABSTELLE FÜR KOMMUNIKATION
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FÜRSTENTUM LIECHTENSTEIN

Liechtenstein and United Kingdom sign agreement to ensure tax compliance of British clients

- Agreement of joint procedure for orderly implementation of past and future tax claims
- Particularly favourable conditions for self-declaration of British taxpayers between 2010 and 2015

Vaduz, 11 August 2009 – Today, Tuesday, Prime Minister Dr. Klaus Tschütscher and the Rt Hon Stephen Timms MP, Financial Secretary to the Treasury, will sign an agreement on cooperation in tax matters. The two countries have agreed on a joint model for cross-border cooperation to ensure a due process for past and future tax claims. For the period between 2010 and 2015, the agreement provides special conditions to encourage the self-declaration of clients of Liechtenstein´s financial service industry with tax arrears in the UK. In return, Liechtenstein commits itself to ensure tax compliance of British clients.

"This agreement sets out a pragmatic path that includes in a cooperative way all parties involved: clients, financial intermediaries and both governments", said Prime Minister Dr. Klaus Tschütscher. "Where the effectiveness of international cooperation in tax matters through OECD standard solutions reaches a limit, we pursued a tailor-made approach. One that ensures legal certainty and helps bridging the individual interests involved."

This new agreement provides for particularly favourable conditions for the self-declaration of clients with tax arrears in the UK. Compared with the announced British New Disclosure Opportunity for tax payers (NDO), the conditions in Liechtenstein include amongst others a reduced period for assessing outstanding tax claims and the option of flat-rate taxation. The Liechtenstein programme will run until 2015. It is available for existing clients as well as new clients. Based on today's agreement, British and Liechtenstein authorities will work together to provide guidance on the tax treatment of customers of Liechtenstein financial intermediaries.

"With this agreement we are creating a stable and reliable regulatory framework and for the client the possibility to make use of an attractive option", said Prime Minister Dr. Tschütscher.

Within this framework, the UK will not in any way seek to restrict or discriminate against Liechtenstein's financial services or its economy. Beyond this agreement, the two States will take up negotiations on a double taxation agreement. "This meets a central demand of the

Liechtenstein Government to strengthen the international market access of our industry," said Dr. Klaus Tschütscher.

In June 2008, Liechtenstein had already offered EU states the OECD standard on international cooperation in tax matters within the framework of bilateral agreements. On 12 March 2009, the Liechtenstein Government expanded this offer and recognised the OECD standard as a binding global standard. Since then Liechtenstein Parliament unanimously adopted the Tax Information Exchange Agreement (TIEA) with the US of December 2008 and thus paved the way for its implementation. The Liechtenstein government has also initialled a TIEA with Germany, as well as a double taxation agreement with another OECD country. Moreover, the Liechtenstein Government has agreed to the inclusion of the OECD standard in the multilateral Anti-Fraud Agreement with the EU. This agreement is currently being deliberated within EU institutions.

With the conclusion of the agreement with the UK, the Liechtenstein Government demonstrates the consistent implementation of its 12 March 2009 Declaration.

The text of the agreements has been published on the internet at http://www.liechtenstein.li

Contact:

Government Spokesperson's Office

Tel. + 423 236 74 61

E-mail: press@liechtenstein.li

Web: www.liechtenstein.li