

THE LAW



TAXATION

Swiss treaty prevents tax evasion

The image of Swiss bank accounts as tools for tax evasion is about to be given a shake-up.

New laws amending the International Tax Agreement Act (1953) mean Australia and Switzerland will share information to prevent people evading tax payments or being required to pay tax twice and encourage greater trade and investment between the two countries.

Steven Ciobo (Moncrieff, Qld) says Australia has 44 bilateral tax agreements with different countries.

“Tax treaties facilitate trade and investment by reducing barriers caused by the double taxation of residents in the two countries,” he said.

It is expected there will be a stronger relationship between Australia and Switzerland as a result of the new agreement.

“The new treaty will update the existing bilateral tax arrangements between Australia and Switzerland, to align them with current Australian and international tax treaty policy settings,” Mr Ciobo said.

“This is expected to further encourage bilateral trade and investment.”

The new agreement with Switzerland replaces a previous agreement from 1980.

The establishment of effective exchange-of-information arrangements with Switzerland is expected to discourage the use of Swiss banks to conceal untaxed income and assets.

“The new treaty will also modernise the bilateral taxpayer information sharing arrangements and permit, for the first time, the exchange of



▶ SWISS BANKS: No longer a safe haven.

taxpayer information for the purpose of preventing tax evasion. This greater transparency includes access to Swiss bank information that could help Australia better enforce its tax laws,” Mr Ciobo said.

Asked about the extent of tax evasion between Australia and Switzerland, the Australian Taxation Office acknowledged the difficulty of placing a dollar figure on the issue but told the Joint Standing Committee on Treaties that over 188,000 transactions took place between the two countries during the 2012-13 financial year involving over \$41 billion.

Sharing information will lead to better transparency and enable both countries to better enforce their own tax laws.

The new agreement will also create a more reliable tax framework for business between Australia and Switzerland. This certainty is expected to encourage economic growth and job creation as investors can better plan for their businesses. ■

DRUG LAWS

New offence for importing designer drugs

Alternative illicit drugs, sometimes marketed as “legal highs”, will be subject to seizure if imported into Australia.

New Psychoactive Substances (NPS) is a term used to describe drugs that fall outside international drug treaties, according to Justice Minister Michael Keenan (Stirling, WA).

“NPS are designed to mimic the psychoactive effects of illicit drugs, however their chemical structures are not captured by existing controls on those drugs,” Mr Keenan said.

Often described as synthetic or designer drugs, NPS create a challenge for governments around the world. This is because once an NPS is banned, manufacturers can quickly create a new, alternative substance that has similar features but is not on the prohibition list.

The Justice Minister said when substances are presented as “legal highs”, it creates an improper assumption that they are safe.

“These substances are potentially very dangerous. They have been directly linked to deaths and serious injury. They are untested chemical compounds which masquerade as illicit drugs but are presented as being legal analogues of those drugs,” Mr Keenan said.

