EC/Liechtenstein agreement: cooperation to combat fraud and other illegal activity to the detriment of their financial interests

2008/0234(NLE) - 14/02/2011

The Council held an orientation debate on the draft anti-fraud and tax information exchange agreement with Liechtenstein. The dossier is a priority for the Presidency in the months ahead.

The Hungarian Presidency intends, in the light of comments made by ministers, to take work forward in the Council's high-level working group on taxation so as to enable the Council to make progress as soon as possible.

The draft agreement with Liechtenstein covers fraud as relates to both direct and indirect taxation. It uses a definition of fraud that covers both natural and legal persons (e.g. companies) and includes not just false documents and false tax returns, but also the submission of incomplete tax returns.

The text provides for **cooperation between the parties through the exchange of information that is forseeably relevant to tax administrations**. It allows the parties to trigger administrative assistance that cannot be refused on the sole grounds that the information requested is held by a bank or other financial institution, and legal assistance for acts that are punishable under the laws of the parties. Implementing measures, such as seizure, are foreseen for acts that are punishable by prison sentence by both parties.

The draft agreement with Liechtenstein may later serve as a model for the negotiation of agreements with Andorra, Monaco and San Marino, as well as the negotiation of a new agreement with Switzerland that would extend existing provisions on indirect taxation to also cover direct taxation.