



The Honorable
Phil Barnhart
Chair, House Committee On Revenue
900 Court St. NE
Salem, OR 97301

Our reference: 521.00 - BQE
Washington, D.C., January 29, 2015

Dear Representative Barnhart:

The Oregon Department of Revenue recently submitted a recommendation to the Legislative Assembly to add new countries to a list of tax haven jurisdictions under ORS 317.715(2)(b).

The Oregon Department of Revenue has identified Switzerland as a jurisdiction considered to be a tax haven and recommends adding the country to the above-mentioned list. Its report, *Recommendations on Tax Haven Jurisdictions ("the Report")*, of January 1, 2015, outlines the reasons for the recommendation.

We respectfully, but strongly disagree with that description. The term "tax haven" should be used to identify countries or territories that levy no or very low taxes on income, wealth, capital, and profits. Switzerland does not belong to that category since it has a comprehensive and balanced tax system imposing an overall tax burden at a comparable international level, which has often been asserted by the Organisation for Economic Co-operation and Development (OECD).

Switzerland has taken significant steps to fight against tax offenses. Those measures have been internationally recognized. Let me mention some of the latest projects:

On September 22, 2014, the Swiss government decided to launch the consultation on the third series of corporate tax reforms. The reform is designed to further develop the Swiss tax system while taking international developments into account. The Swiss government has proposed abolishing existing arrangements that will no longer be in compliance with international standards. They primarily include the cantonal tax statuses for holding, domiciliary and mixed companies. Furthermore, the Swiss government decided to abolish the tax privileges for Swiss Finance Branches and for Principal Companies at the federal tax level. As a result of these measures, almost all of the tax incentives described on page 38 of *the Report* will no longer exist.

The Swiss government has taken the measures necessary to implement the requirements of the Global Forum. Following the revision of the Tax Administrative Assistance Act in the summer of 2014, the Global Forum accepted Switzerland's request for a supplementary report. The Peer Review Group will examine the supplementary report in February 2015 to assess the changes made to the Swiss legislative framework. The examination will determine whether or not Switzerland will move to Phase 2. If the response is positive, the Phase 2 review itself could take place during the second half of 2015.

On January 14, 2015, the Federal Council launched two consultations on the legal foundations for introducing the future international automatic exchange of information in tax matters. Switzerland actively contributed to the new international standard. It allows for a level playing field in the

competition between financial centers since the regulations apply to all, and it is an important instrument in international efforts to combat tax evasion.

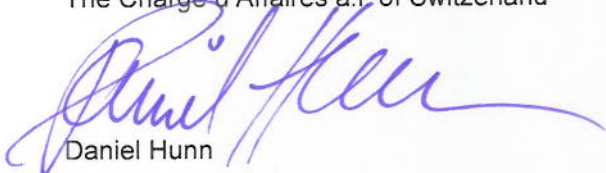
Important financial centers such as Switzerland are exposed to the risk of abuse for criminal purposes and therefore require high-quality regulation and supervision. At the national level, Switzerland has at its disposal effective mechanisms for combating money laundering and terrorist financing. At the international level, Switzerland actively participates in the Financial Action Task Force (FATF) and actively campaigns at the UN to combat corruption and unlawfully acquired assets.

Switzerland has been working with international bodies and other countries to adapt its policies and legislation to meet international standards in all relevant areas. Therefore it is completely inappropriate to consider Switzerland a "tax haven" for any reason and by any measure.

We would like to thank you for carefully considering our comments and would be grateful if you would distribute this letter to the members of your Committee. The Embassy of Switzerland would be prepared to further discuss this matter with you or other Committee members and to provide you with any additional information you might need.

Sincerely,

The Chargé d'Affaires a.i. of Switzerland



Daniel Hunn

cc: Oregon Department of Revenue, Jim Buchholz, Director, 955 Center St. NE, Salem, OR 97301