

Regularization of non disclosed foreign accounts

	<i>France</i>	<i>Germany</i>	<i>Luxembourg</i>	<i>Belgium</i>	<i>Netherlands</i>	<i>Spain</i>	<i>Turkey</i>
Concerned taxpayers	French residents holding assets (bank accounts, various investments, securities or other such assets, ...) in tax havens, that haven't been disclosed to the French Tax Administration	German residents holding assets (bank accounts, various investments, securities or other such assets, ...), that haven't been disclosed to the German Tax Administration	Regularization of non disclosed foreign accounts is not applicable in Luxembourg	Belgian residents and non-residents taxable in Belgium, also Belgian resident companies and non-resident companies taxable in Belgium	coming soon	Spanish tax residents. Non-residents can be taxable in case they have recently moved their residence from Spain to countries designated by Spanish Tax Agency to be "tax havens" for tax purposes. Consequently they will still be considered Spanish residents for a period of four years.	Turkish resident real and legal persons holding assets in foreign countries which have not been disclosed to Turkish Tax Administration. The assets are specifically described under the Law as; money, foreign exchange, gold, marketable securities and other capital market instruments.
Regularization conditions	The funds are legal (the amounts must not come from illegal, criminal, terrorist etc. activities)	none		The funds must not come from laundering; only one regularization possible; no investigation procedures open by the tax authorities against the taxpayer.		There is no specific procedure for regularization of non disclosed foreign accounts. However, in case of a voluntary regularization by the taxpayer, criminal charges will be avoided.	Turkish taxpayers must prove by supporting documentation that the assets under declaration belong to the taxpayer as of 01/06/2009.
Procedure							
Step 1	The taxpayer or his counsel can contact the Tax Administration anonymously to expose his/her situation.	Voluntary self report on tax evasion to the competent tax office (mainly income taxation/gift taxes), also called Self-denunciation/strafbefreiende Selbstanzeige		A special tax form is provided and has to be submitted to a specific service of the tax administration.		Voluntary self-declaration and payment of the non-declared incomes, without any previous request from Spanish Tax Agency.	Taxpayer makes a declaration to Turkish banks or financial institutions, or to the Turkish tax office with the supporting documents regarding the assets they declare and their ownership of these assets.
Step 2	A negotiation with the Tax Administration begins. The anonymity is lifted only if the financial consequences such as they are finalized with the Tax Administration are approved by the taxpayer.	payment of additional taxes after assessments were changed		In the 30 days following the submission of the special tax return, the specific tax service informs the taxpayer about the admissibility of the request and communicate the amount of the tax.			Over the market value of assets declared, 2% tax is imposed and paid to the tax office until the end of the month following the month which declaration is made. This 2% tax is non-deductible item from taxpayer's other tax liabilities.
Step 3	When anonymity is lifted, the taxpayer files corrected tax returns for the taxes that might eventually be targeted by the regularization (Income tax, Wealth tax, Transfer duty, Inheritance tax)	none		The payment must be made in the 15 following days. At the end of the procedure, the taxpayer receives a certificate of regularization.			The final date for benefiting from this Law is May 2, 2011.
Requests	Regularization requires to query the financial establishments in view of obtaining status reports of the years concerned so as to provide evidence to the tax administration.	see step 1		Regularization requires to obtain the financial establishments' records of the years concerned.			Regularization requires supporting documentation that taxpayers actually own the financial assets under declaration.

Scope of Taxes & Status of limitation							
Wealth Tax	Status of limitation is six years, plus the ongoing year. Foreign assets reported to the Tax Administration on this occasion will be added to the assets declared in France so as to constitute the base of the regularization and determine the wealth tax load.	n.a.		No wealth tax			Status of limitation is five years, plus the ongoing year. Foreign assets reported to the Tax Administration on this occasion will be added to the assets declared in Turkey and determine the wealth tax load.
Income Tax	Status of limitation is of three years. The amount of foreign income declared at the time of the regularization will be added to the amounts previously declared by the taxpayer.	Status of limitation is of ten years. The amount of foreign income declared at the time of the regularization will be added to the amounts previously declared by the taxpayer.		Tax years regularized are free but it is recommended, because of the statutes of limitations, to regularize the income of the last 7 or 10 years, dependig on the case.			Financial assets declared will be considered as part of the equity and will not be subject to tax. Upon liquidation of the entity, taxpayers will not be subject to tax over the financial assets which initially has been considered as a part of the equity.
Transfer duty & Inheritance tax	Status of limitation for transfer duty and inheritance tax is six years.	Status of limitation for inheritance tax is ten years.		Statute of limitations for transfer dutys is 2 years and for inheritance tax is 10 years.			Status of limitation for transfer duty and inheritance tax is five years.
Penalties and late interests							
Late interests	0,4% by month, 4,8% by year	0.5% by month		No interest			No interest
Penalties	Penalty rates vary mainly between 10% and 80% according to the taxpayer's attitude. A 40% penalty is applicable in case of deliberate breach of the tax payer, 80% in case of fraud.	If succesful: none. The prosecuting authorities do not automatically open criminal proceedings against people who report themselves		Penalty of 10 points, on top of the normal tax rate, is applicable for interests, dividendes and inheritances). No penalty on professional income and regularized VAT operations.			Please see below (taxpayers may not deduct the 2% tax paid from tax assessment made by the Turkish tax administration for the years before 1/1/2008).
From a practical standpoint	According to our experience, the 80% penalty has never been applied when regularization is spontaneous. Depending on the negotiations and the case circumstances, the 40% penalty and late interests can significantly be reduced.	Timing is decisive. The so-called After the tax fraud is already detected or a field tax audit					The financial assets declared are kept out of the scope of tax investigation. In addition, taxpayers may offset the 2% tax paid over tax assessments that could be imposed with regards to tax inspection covering the period before 1/1/2008. However in order to benefit from offsetting the 2% tax from the other tax penalites, the foreign assets must be transferred to Turkey as of May 2, 2011.

Specific rules for tax havens and non cooperative countries							
List of tax havens and non cooperative countries as of January 1, 2010	Anguilla ; Belize ; Brunei ; Costa Rica ; Dominica ; Grenada ; Guatemala ; Cook Islands ; Marshall Islands ; Liberia ; Montserrat ; Nauru ; Niue ; Panama ; Philippines ; Saint-Kitts-And-Nevis ; Saint-Lucia ; Saint-Vincent-and-the-Grenadines	none		No specific rules concerning non cooperative countries.			Turkey has anti-tax haven regulations. The Council of Ministers has been given the authority in 2006 to declare the black list, but the list has still not been announced. Therefore, in practice there is no tax haven provision in effect.
Withholding and levy rates for tax havens & non cooperative states or territories	Generally, the withholding and levy rate is of 50%	n.a.					In general terms, withholding tax rate is 30% for payments made to tax haven countries. All transactions performed by Turkish taxpayers with persons resident in tax havens is considered as a related party transaction and falls under Turkish transfer pricing rules.
Specific status of limitation for tax havens & non cooperative states or territories	The limitation period is now of 10 years (instead of 3) when some declaration obligations regarding an uncooperative state weren't respected. This new case of prolonged limitation period exclusively concerns the income and corporate income tax.	n.a.					N.a.