

Mutual Agreement

implementing Article XVIII of the Protocol signed on 20 March 2012, amending the Agreement between the Swiss Confederation and the United Kingdom of Great Britain and Northern Ireland on cooperation in the area of taxation, signed at London on 6 October 2011

The competent authorities of the Swiss Confederation (hereinafter “Switzerland”) and of the United Kingdom of Great Britain and Northern Ireland (hereinafter “United Kingdom”),

having regard to the Agreement between the Swiss Confederation and the United Kingdom of Great Britain and Northern Ireland on cooperation in the area of taxation, signed at London on 6 October 2011 (hereinafter referred to as “the Agreement”);

having regard to Article XVIII of the Protocol signed on 20 March 2012, amending the Agreement;

having regard to the signature by Switzerland and the Federal Republic of Germany on 5 April 2012 of a Protocol amending the Agreement between the Swiss Confederation and the Federal Republic of Germany on cooperation in the areas of taxation and financial markets, signed at Berlin on 21 September 2011, and the fact that this Protocol includes a provision regarding the one-off payment for the regularisation of the past that provides for a higher level of taxation than under the Agreement;

having regard to the diplomatic note of Switzerland of 5 April 2012 informing the United Kingdom of the agreed provision with the Federal Republic of Germany;

having regard to the diplomatic note of the United Kingdom of 13 April 2012 informing Switzerland that it requests the higher level of taxation shall apply under the Agreement,

have agreed as follows:

Paragraph 2 of Article 9 shall be deleted and replaced by the following paragraph:

“2. Subject to paragraph 3, the one-off payment shall be calculated in accordance with Schedule I. The applicable rate is 34%. Where the tax charge t_c amounts to 34% or more and the relevant capital amounts to one million pounds sterling or more, then the tax charge (applicable on the entire relevant capital) shall increase by one percentage point for each additional million pounds sterling relevant capital, up to a maximum of 41%. The minimum rate is 21%.”

Schedule I shall be deleted and replaced by the following schedule:

“Calculation method of the one-off payment according to Article 9 paragraph 2

$$T = \max \left\{ tr \cdot \left[\frac{2}{3} \cdot \left(C_r - \frac{n}{8} \cdot C_b \right) + \frac{1}{3} \left(\frac{n}{10} \cdot C_r + \frac{2}{10} \cdot \left(\frac{C_9' + C_{10}'}{2} \right) \right) \right] \right\}$$

$tr_{\min} \cdot C_r$ (*Basic formula*)

whereas:

$$C_9' = C_r + C_r \cdot r$$

$$C_{10}' = C_r + C_r \cdot 2 \cdot r$$

$$C_r = \begin{cases} C_8 & , \text{if } C_{10} < C_8 \\ C_{10} & , \text{if } C_8 \leq C_{10} \leq 1.2 \cdot C_8 \\ \max \left\{ \begin{array}{l} 1.2 \cdot C_8 \\ C_8 + \sum_{i=9}^{10} \text{value increases} + \sum_{i=1}^8 \text{outflows} \end{array} \right\} & , \text{if } C_{10} > 1.2 \cdot C_8 \end{cases}$$

$$tc = \frac{T}{C_r}$$

The following rule is established to prevent that the application of the formula for the capital element leads to a negative value:

$$\text{In case } C_r - \frac{n}{8} \cdot C_b < 0, \text{ then this term is set equal to zero.}$$

The increased one-off payment T' is calculated as follows:

Where $tc \geq 0.34$ (meaning 34%) and:

where $1m \leq C_r < 2m$,	then $tc' = 0.35$
where $2m \leq C_r < 3m$,	then $tc' = 0.36$
where $3m \leq C_r < 4m$,	then $tc' = 0.37$
where $4m \leq C_r < 5m$,	then $tc' = 0.38$
where $5m \leq C_r < 6m$,	then $tc' = 0.39$
where $6m \leq C_r < 7m$,	then $tc' = 0.40$
where $7m \leq C_r$,	then $tc' = 0.41$.

The following applies: $T' = tc' \cdot C_r$.

According to article 9 paragraph 6, the one-off payment shall be calculated in sterling. All amounts mentioned in this Schedule are thus in sterling.

T	One-off payment
T'	Increased one-off payment
tr	Rate (34%)
tc	Tax charge
tc'	Increased tax charge
C _r	Relevant capital
n	Number of years of the bank relationship before 31 December 2010, $0 \leq n \leq 8$
C _b	Capital stock at the end of the year the account was opened. For accounts opened before 1 January 2003, the capital stock at 31 December 2002.
i	Year i, $1 \leq i \leq 10$, whereby year 1 starts on 1 January 2003
C _i	Capital stock at the end of year i
C ₈	Capital stock at the end of year 8 (31 December 2010)
C ₁₀	Capital stock at the end of year 10 (31 December 2012)
C _{9'} , C _{10'}	Nominal capital at the end of year 9 (31 December 2011), resp. year 10 (31 December 2012)
r	Rate of return (3%)
tr _{min}	Minimum rate (21%)
outflows	Inflows years 9 and 10 that compensate for outflows years 1 to 8"

Upon signature by both competent authorities, this Mutual Agreement shall enter into force on the same date as the Agreement.

Done in duplicate in the French and English languages, each text being equally authoritative.

Done at Berne on 18 April 2012

Done at Zurich on 18 April 2012

For the competent authority
of Switzerland:

For the competent authority
of the United Kingdom:

Michael Ambühl
State Secretary for the State Secretariat
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