

## **Tax Tip**

**Week of October 25, 2010**

### **Canada Signs Tax Agreement with Switzerland**

On Friday October 22, 2010, Canada and Switzerland signed a tax treaty that will not only avoid issues related to double taxation, but will allow the countries to exchange financial and banking information. Switzerland has long been considered the “gold standard” in banking secrecy. However, after the IRS was successful in a recent court case, Switzerland has become co-operative with other governments. According to press reports, CRA has already collected \$33 million from Canadians taxpayers who have volunteered they kept money in Swiss accounts.

Hiding money offshore was always illegal, but given the low risk of getting caught, many taxpayers took the risk. Those days are over. Individuals who have used this strategy should consider making a voluntary disclosure to CRA before the auditors become aware of your situation.