



# TaxJourney

United States

July 1, 2024

## U.S. and Switzerland Sign New FATCA Agreement

U.S. and Switzerland executed a new intergovernmental agreement ("**IGA**") to implement the U.S. Foreign Account Tax Compliance Act ("**FATCA**") on June 27, 2024, in Bern, Switzerland.

The new Model 1 IGA, to come into effect starting 2027, provides for the reciprocal automatic exchange of information, addresses legal impediments, reduces burdens for Swiss financial institutions, and improves international tax compliance.

Previously (*in its current form through 2026*), the United States and Switzerland signed a Model 2 IGA to facilitate the implementation of FATCA, which entered into force on June 2, 2014, pursuant to which Switzerland unilaterally provides information on financial accounts to the U.S. Under the Model 1 IGA effective 2027, Switzerland will begin to receive corresponding information from the U.S. through automatic exchange of information. The current (Model 2) IGA will terminate upon entry into force of the new Model 1 IGA.

FATCA came into effect in 2014, requiring foreign financial institutions to provide U.S. tax authorities with information about US accounts or face withholding taxes

"This agreement improves the lives of Americans living and working in Switzerland and Swiss citizens living and working in the United States, who contribute to our joint prosperity. This agreement will further strengthen the thriving personal and economic ties between our Sister Republics." – **Scott Miller, U.S. Ambassador**

**Ambassador**

The U.S. Congress enacted FATCA in 2010 as part of the Hiring Incentives to Restore Employment Act. FATCA requires foreign financial institutions to report to the **Internal Revenue Service** information about financial accounts held by U.S. taxpayers or by foreign entities in which U.S. taxpayers hold a substantial ownership interest.

### The June 27 2024 Agreement

Courtesy: **State Secretariat for International Finance SIF**

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