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**Nominated for the Public Eye Award 2006
in the category:**

T A X E S

**Nominated by: Aktion Finanzplatz Schweiz
(AFP), Basel, Switzerland**

ZfU – International Business School

Headquarters:	Thalwil, near Zurich, Switzerland
Branch of trade:	In-house education and continuing education (for example International Executive MBA)
Turnover / net profit:	Approx. 400 courses, seminars und workshops with over 10,000 participants annually
CEO:	Dr. Fritz Haselbeck (founder and director)
Owned by:	corporation
Employees 2004:	60 and over 1,500 speakers
WEF-Participant 2006:	not officially enrolled

Summary

Institutes of learning and continuing education like the “ZfU – International Business School” in Thalwil indirectly promote aggressive (and legal) tax avoidance for wealthy individuals and corporations. An example is the ZfU seminar “Tax Havens and Offshore Structures,” offered on multiple occasions, where participants learn how best to invest in tax havens that are beyond the reach of tax authorities. The Aktion Finanzplatz (AFP) denounces this type of continuing education, which contributes to the shortfall of necessary government revenues.

Information on the case and characteristics of irresponsible corporate behavior

In early October, the Swiss tabloid “Blick” reported with indignation that roughly 4,000 wealthy foreign nationals living in Switzerland pay almost no tax, and therefore “normal citizens” are asked to carry an increasing portion of the tax burden. At the “ZfU – International Business School” in Thalwil, a large and renowned Swiss institute for continuing education, participants learn how it works in tax haven seminars. For example, they are introduced to the secrets of “tax savings through lump sum taxation and corresponding optimizations.”

All wealthy foreign nationals who are not gainfully employed in Switzerland can take advantage of lump sum taxation. One notable example is Formula 1 driver Michael Schumacher, who has a residence on the shores of Lake Geneva. He is not taxed according to actual income, but according to living costs. Since expenditures for food, accommodation and private jet are difficult to compute exactly, a value of five times the rent or rental value of a property is used as an approximation of taxable income. In this way Schumacher pays much less tax than by traditional tax calculations, and that is with an estimated annual income of 35 million euros.

Much more can be learned about tax avoidance in the ZfU tax haven seminar. Other topics include: “Switzerland and its advantages in international tax planning,” “Opportunities and risks of transfer pricing,” “Possibilities of government inquiry into offshore structures,” “Trusts, foundations and portfolio companies: tax planning for foreign-invested assets” and even “The best onshore and offshore tax havens.”

According to the seminar brochure, participants receive a comprehensive introduction into the relevant forms of tax havens and offshore structures. Secondly, they acquire the know-how to strategically optimize the creation and organization of offshore structures. Thirdly, participants receive the necessary information to avoid possible pitfalls. The seminar, which costs over 2,000 Swiss francs, is aimed at tax specialists, asset managers, businessmen, accountants and others.

Consequences

The international Tax Justice Network estimates that wealthy individuals have placed over US\$ 11 trillion in tax havens. Business transactions of multinational corporations are often carried out via subsidiaries located in tax havens as well. As a result, tax authorities are denied billions in tax revenues. Developing countries in particular suffer from these revenue shortfalls, which could otherwise be directed towards fighting poverty and investing in infrastructure. Tax havens – of which Switzerland is one – promote capital flight and tax avoidance; some tax havens are guilty of corruption and money laundering as well. The often risky and speculative financial activities in certain tax havens are also a danger for the stability of international financial markets.

Current status and demands

The Aktion Finanzplatz criticizes Switzerland for abetting international tax evasion. Billions in untaxed funds land in Swiss banks and financial institutions, and are for the most part lucratively invested in offshore centers. The continuing education seminars offered by the “ZfU - International Business School” indirectly promote aggressive (and legal) tax avoidance for wealthy individuals and corporations. The Aktion Finanzplatz (AFP) therefore calls on the institute to realign its continuing education program according to ethical criteria.

Detailed nomination: www.publiceye.ch/nominierungen

Further information and links:

- www.evb.ch
- www.taxjustice.net
- www.aktionfinanzplatz.ch