



EMBASSY OF THE PRINCIPALITY OF LIECHTENSTEIN

**Press Release
FOR IMMEDIATE RELEASE
JULY 17, 2008**

Permanent Subcommittee on Investigations Hearing on
"Tax Haven Banks and U.S. Tax Compliance"

This morning, the Senate Permanent Subcommittee on Investigations, led by Chairman Carl Levin and Ranking Member Norm Coleman, held a hearing on "Tax Haven Banks and U.S. Tax Compliance."

The Principality of Liechtenstein's independent financial regulator, the Financial Market Authority (FMA), beginning in May, has initiated an investigation into the two cases described at the hearing and in the accompanying Staff Report to determine whether Liechtenstein law was violated in either case. The Principality of Liechtenstein is committed to investigating thoroughly without exception all alleged crimes occurring in its territory relating to its financial sector and to prosecuting fully cases where Liechtenstein's laws have been violated.

Because the FMA's investigation is still proceeding, the Principality of Liechtenstein is not in a position to confirm specific allegations aired at the hearing and discussed in the Staff Report. As a matter of policy, the Principality of Liechtenstein does not condone conduct to assist foreign citizens in the avoidance of taxes owed to their home jurisdictions. "We do not want the Liechtenstein financial center to be perceived as a jurisdiction that actively assists bank clients circumvent their national tax obligations," Prime Minister Otmar Hasler said. This policy is shared by the private sector Liechtenstein Bankers Association, which will soon adopt a Code of Conduct for its members that will prohibit Liechtenstein's banks from in any way helping their clients to avoid home-country tax liabilities.

The Principality of Liechtenstein identified the need for reform in its system and has, as a consequence, been engaged in a comprehensive process of reform in the regulation of its financial sector since the year 2000, of which its continuing efforts with regards to tax cooperation are an integral part.

888 17TH ST., NW
SUITE 1250
WASHINGTON, D.C. 20006
PHONE: (202) 331 0590 / FAX: (202) 331 3221

To this end, the Principality of Liechtenstein is committed to cooperating with its foreign partners, including the United States, on a wide range of tax issues. It has entered into a Mutual Legal Assistance Treaty with the United States that has been employed successfully in tax cases. Additionally, negotiations between the two countries on a Tax Information Exchange Agreement, conducted over the past two years, are well advanced and will enhance and streamline cooperation on tax issues. Liechtenstein has accepted the U.S. model agreement as the basis for negotiations and, once implementation of the agreement is completed, will work closely with the United States on tax matters. These agreements are complemented by similar arrangements the Principality of Liechtenstein has entered into with its European partners, including the Schengen Agreement and the recently completed negotiations on an Anti-Fraud Agreement. The attached white paper on "Liechtenstein's Cooperation on Financial Crime Issues" describes in greater detail the full process of reform.

###

Contact:

Mr. Matthew Keller

Embassy of Liechtenstein

Washington, DC

Tel. 202-331-0590

Fax 202-331-3221

matthew.keller@was.rep.llv.li

Dr. Gerlinde Manz-Christ

Government Spokesperson's Office

Vaduz, Liechtenstein

Tel. +423-236-7461

Fax +423-236-76 81

press@liechtenstein.li