

The Compliance Effects of the Automatic Exchange of Information: Evidence from the Swiss Tax Amnesty

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Abstract

This paper studies how the introduction of multilateral automatic exchange of information (AEOI) in 2017 affects tax compliance. Exploiting rich tax data, variation generated by the interplay of the Swiss tax amnesty with the AEOI, and employing difference-in-differences designs, I document significant positive compliance effects. At the macro level, the AEOI caused about 107k taxpayers (2% of all) to participate in the amnesty. Together, they disclosed around 35.2 billion Swiss francs in hidden assets—more than 5% of GDP.

Further, I show that the behavioral compliance responses persist at the micro level: Once a tax evader enters the amnesty, their wealth increases by more than 50% on average and remains at this higher level in subsequent years. Lastly, I provide evidence that tax evasion is widespread and appears considerably more evenly distributed in Switzerland than in other European countries.