



L A M U T U E L L E

Association Mutuelle des Fonctionnaires Internationaux
de l'Office des Nations Unies et Agences Spécialisées

Geneva, 2 June 2017

Dear Members,

During the 2017 General Assembly, the process of verifying tax compliance was discussed at length. In the Ministerial Declaration¹, recently adopted by the United Nations Economic and Social Council in New York, the Ministers welcomed the progress made in the inclusive framework on implementation of the Base Erosion and Profit Shifting and in the Global Forum on Transparency and Exchange of Information for Tax Purposes. They also called for greater international cooperation to combat illicit financial flows and pledged to deter, detect, prevent and counter corruption, and increase transparency. As a Fund of the United Nations at Geneva, the Mutual Association must take the measures necessary to comply with these standards and commitments made. The reputation of the United Nations and the sustainability of the Mutual Association are at stake. It should also be emphasized that Staff Regulations require all staff members to meet their financial obligations.

As a reminder, since May 2013 the Board of Directors has repeatedly requested active and retired members, whose accounts did not comply with tax regulations, to take necessary measures quickly in order to comply with applicable tax laws, the Mutual Association no longer being in a position to host funds that are not compliant. Although many members have acted since 2013, as can be seen in the annual reports of the Mutual Association, others still have not taken the necessary steps after 4 years. In addition the Board of Directors noticed that some retired members, who had requested to receive their United Nations pension in their account with the Mutual Association, had neither declared their account nor their pension. The Board of Directors can in no case tolerate the fact that members use the Mutual Association's accounts to avoid their tax obligations.

In view of the above and of the tightening of the Financial Action Task Force (FATF) Standards, which include the appearance of a new criminal offense, namely the qualified tax offences, the Board of Directors must adapt the Regulations in order to comply with the standards:

1. Limitation on cash withdrawals to CHF 10,000 per calendar year for the CHF accounts

From 1 July 2017, cash withdrawals will be limited to a maximum of CHF 10,000 per calendar year, CHF current and deposit accounts combined. Members who have requested before 2 June 2017 for a higher amount in the second semester may still withdraw the requested amount. However, if a balance remains after this withdrawal and the members concerned have not submitted proof of tax compliance to the Mutual Association, they must present, on the withdrawal, either an official proof of tax compliance or a proof of tax regularization, or account closure instructions that the Mutual Association will execute by bank transfer or check upon payment of a fee.

The Board of Directors informs members that there will be no exception to this rule, which reflects a practice in force in some member states, and recalls that there are no limits on withdrawals made by bank transfers.

2. Abolition of cash deposits

From 1 July 2017, deposits in cash will no longer be authorized. Members will have to proceed by means of bank transfers, ensuring that the Mutual Association's bank instructions are fully respected otherwise the funds will be rejected. The Board of Directors would like to remind civil servants administrated by UNOG, from ITU, WMO, IPU, HCR and UNEP (if stationed in Geneva) that they can request a monthly salary deduction up to CHF 2,000 to save on their CHF deposit account. The relevant form is available on the website of the Mutual Association.

3. Abolition of payment of loans in cash

From 1 July 2017, loans granted to members will only be paid by wire transfer.

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¹ ECOSOC E/FFDF/2017/L.1



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4. Abolition of the possibility to deposit the retirement and disability pension on the accounts of the Mutual Association

To avoid a situation such as the one described above, the Board of Directors has no choice but to abolish the possibility offered to retired members and members benefiting from a disability pension to receive their United Nations System pension in their account with the Mutual Association from 1 January 2018. Members who are currently receiving their pension at the Mutual Association must contact their Pension Fund as soon as possible in order to submit new bank instructions knowing that the Mutual Association will refuse the pension from 1 January 2018.

The tax compliance verification process is ongoing and involves all depositors, active and retired members. Taking into account the fact that it represents a heavy workload for the staff members of the Mutual Association, and in order to facilitate its work, the Board of Directors requests members who have not submitted supporting documents yet to send them to the Mutual Association without waiting to be contacted. Although the Mutual Association has no expertise in the field of taxation, key principles can be stated, but without any commitment on the part of the Mutual Association:

1. Retired staff members, active staff members holding the Swiss nationality and living in Switzerland, active staff members living in France (regardless of nationality), active staff members holding the United States nationality or a Green card must declare their account and submit the justifications to the Mutual Association.
2. Staff members living in Switzerland and who do not have a Swiss nationality shall only submit a readable copy of their legitimation card.

The Board of Directors recommends, once again, that members who do not comply with the tax provisions regularize their situation quickly in order to avoid future legal problems. Furthermore, it informs you that the additional time for submission of evidence, that members might request, will be reduced, considering that they have had ample time since 2013 to submit it. It reminds members that choose not to submit the required documents to the Mutual Association, that after the prescribed deadline for submission the accounts will be automatically and immediately closed and the balance transferred either by check or by bank transfer at the member's expense. In all cases, the accounts closed cannot be reopened subsequently and the resignation of the members is final.

The Board of Directors thanks the members for their understanding and full cooperation in this difficult process.

Patrick Goergen
President of the Board of Directors

Corinne Momal-Vanien
Vice President of the Board of Directors

David Bicchetti
Treasurer

Ian Richards
Vice Treasurer

Stéphanie Cochard
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