

## President's Message

The global competition for the “best” place of arbitration is a topic that has occupied the international arbitration community for quite a while. Usually, the features emphasized in support of the attractiveness of a specific jurisdiction or place are an arbitration-friendly national legislation ensuring that the local courts support arbitral proceedings instead of interfering with them, and such practical advantages as a central geographic location and easy accessibility for potential users, a functioning hospitality infrastructure and perhaps the availability of a sufficiently large pool of experienced arbitrators known for conducting proceedings at the respective location in a predictable and efficient manner.

Lately, however, the competition for the “best” arbitration place has reached a new level. Singapore has with effect from 1 February 2008 introduced a special tax exemption scheme for law practices with income derived from international arbitration cases held in Singapore. The scheme is introduced for an initial period of five years. Qualifying law practices include both local and foreign law firms cited in Singapore. It remains to be seen if this innovative move will inspire similar projects elsewhere and expand the tax competition between jurisdictions beyond the usual addressees, i.e. high-net-worth individuals and international corporate headquarters to include also arbitration firms.

In Switzerland, I doubt there is room for special arbitration tax breaks beyond the exemption of Swiss based arbitrators from Value Added Tax (VAT) on their arbitrator's fees. On the contrary, there was some concern that this exemption would disappear as part of the contemplated overhaul of the Swiss VAT system. The Swiss Arbitration Association has intervened and argued against the lifting of the exemption not the least for reasons of maintaining the competitiveness of the Swiss arbitration place. I am pleased to report that our intervention appears to have been well received. The most recent legislative project appears to continue exempting Swiss based arbitrators from having to charge and pay VAT on their fees.

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