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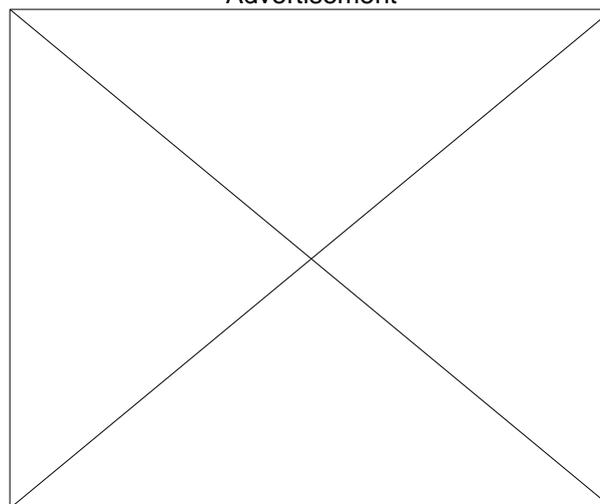
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Swiss cave in on tax evasion secrecy

Nick Mathiason
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SWISS bank secrecy cracked open on Friday following

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a groundbreaking concession by the Swiss Government to hand over information on wealthy clients suspected of tax evasion.

The decision, described as historic by anti-poverty campaigners, comes as growing international pressure forced a rush by the world's tax havens to hand over previously undisclosed data on account holders.

In a remarkable week, Europe's secrecy jurisdictions — Liechtenstein, Andorra, Austria, Luxembourg, Jersey and Switzerland — entered into international information-sharing agreements.

Swiss ministers admitted the Government caved in to worldwide pressure after learning it was going to be included this month on a black list of unco-operative tax havens drawn up by the Organisation for Economic Co-operation and Development (OECD).

Having agreed to sign up to the OECD protocol on tax, Switzerland will now hand over information on account holders suspected of tax evasion by another country.

Until now, tax evasion was not illegal in Switzerland, and secrecy has been the bedrock of its economy.

However, the nation has pledged to protect client confidentiality and will not accept so-called fishing exercises by investigators.

Swiss President and Finance Minister Hans-Rudolf Merz said yesterday: "Co-operation on taxes has become more important given the globalisation of financial markets and in particular against the background of the financial crisis."

Switzerland is the world's largest tax haven. The world's super-rich hide at least \$1.89 trillion of the estimated \$7 trillion of private wealth there, according to the Swiss Bankers Association, though other

estimates put the figure much higher.

Dr Andreas Missbach, joint managing director of Swiss anti-poverty campaign group Berne Declaration, said: "This is a major and historic first step.

"We have reason to celebrate, but we still demand automatic exchange of information to address profound global economic imbalances."

The world's tax havens have been rattled by a series of events that have forced them to come into the open.

The global banking collapse revealed that many of the most complex debt instruments were based in offshore centres such as Jersey.

US President Barack Obama has made cracking down on secrecy jurisdictions central to his economic justice program.

British Prime Minister Gordon Brown said the Swiss Government's concession was "the beginning of the end of tax havens".

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This story was found at: <http://business.theage.com.au/business/swiss-cave-in-on-tax-evasion-secrecy-20090314-8yfp.html>