

Swiss declare war over tax evasion

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An economic war has broken out between Switzerland and the rest of the world after the crackdown on Swiss banking secrecy, according to one of Geneva's leading private bankers.

Yves Mirabaud, a managing partner at Swiss private bank Mirabaud, told the Financial Times that nothing was easier than dodging tax in the US and UK.

In rare public comments, the Swiss private banker said: "There is a feeling in the banking community, and also in the population . . . that we are in an economic war.

There is nothing easier than doing tax evasion in the US. Look at Delaware companies or trusts in the Channel Islands."

Mr Mirabaud portrayed Switzerland as a country picked on by bigger rivals: "It is more than simply fighting against tax havens. Switzerland is a small country. It is not powerful."

Swiss private banks have come under pressure after countries, led by the US and Germany, made Switzerland agree to ease its strict bank secrecy laws this year. **The situation was exacerbated by the plight of UBS**, the world's largest wealth manager, which is involved in a legal fight with US authorities over alleged assistance in tax evasion.

Mr Mirabaud said that UBS had "behaved poorly" and had not "helped the Swiss financial centre". He added that discussions on bank secrecy had "cost us all a lot".

But Mr Mirabaud said the crackdown on bank secrecy had yet to lead to an impact on business, although it could do so in the future as it was unclear how much transparency there would be. "There is a certain uncertainty for our clients," he said. "They have been asking questions and we don't have all the answers. But business is good."

Swiss private banks and politicians are adamant that "fishing expeditions" from foreign countries to find out customers' names – known as the automatic exchange of information – will not be allowed.

But it is unclear where the line will be drawn on how much evidence of possible tax evasion will be needed for disclosure of customer details to be enforced.

"Privacy is very important for us in Switzerland. Automatic exchange of information is the negation of all this. In this case, we have some common interests with countries like the UK," Mr Mirabaud said, alluding to offshore centres such as the Isle of Man and the Channel Islands.

Mr Mirabaud said that the past few months had been "an unpleasant time" but that factors such as the quality of staff and the political stability of Switzerland meant the country was still an attractive destination for potential private bank customers.

"We understand that we are in an economic war and we have our own weapons," he added.

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