

KPMG Switzerland - adding up the wrong numbers

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I've just come across a report from [KPMG Switzerland](#):

Given the much-debated issue of taxation in Switzerland, KPMG conducted a survey of all cantonal tax offices to find out how many people were subject to lump-sum taxation and what proportion of overall tax revenue they paid.

They discovered:

as net contributors, people subject to lump-sum taxation pay as much on average as the comparable category of top earners who are taxed by normal standards

This is a serious misrepresentation of the truth. Those taxed by 'normal standards' were assessed on their income. Those who paid lump sums were not. They did not disclose their income. They may have paid as much per head on average as those in the equivalent top group of assessed tax payers, but that's not the point. The point is:

- 1) These 4,221 people chose not to be assessed on their income. Presumably, therefore, their income was higher and they chose this option to save tax;
- 2) These people came to Switzerland to take advantage of this offer. They should have paid tax elsewhere. No account is taken of the tax lost elsewhere as a result of Switzerland stealing these tax revenues due to other countries;
- 3) The social impact of having some people not taxed on income when the majority of the population have to do so is not assessed. You can be sure it encourages tax evasion by others.

KPMG should, I hope, be capable of critical thinking. Why is it that they work so hard to hide that ability in their press releases? A little more analysis would really do them some good.