

No, No, No Switzerland

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[Bloomberg](#) and many others note a proposal from Switzerland this morning (I'm in US time zone). They say:

Swiss banks proposed a withholding tax for foreign clients as they bid to fend off attacks on banking secrecy by the U.S., Germany and France.

The tax on the interest, dividends, capital gains and investment income could raise "billions per year" for foreign governments, [Urs Roth](#), chief executive officer of the [Swiss Bankers Association](#), said in an interview in Zurich today. The proposal would extend a tax on interest income already assessed on Swiss residents and some European Union citizens.

"This is a transparent fig leaf," said Anton Keller, secretary of the Swiss Investors Protection Association. Foreign governments "have discovered the Achilles heel of the Swiss system and have no reason to stop short of complete victory."

Switzerland, which manages an estimated 27 percent of the world's privately held offshore wealth, agreed in March to cooperate with foreign authorities on tax evasion probes to avoid being blacklisted as a tax haven by the Organization for Economic Cooperation and Development. The tax may only apply to countries with double-taxation treaties with the Alpine nation.

"It is not good to be perceived as defensive," said Roth. "This is why we said 'why don't we come up with a proposal that takes tax enforcement quite a big step forward?'"

The proposal, under which client identities would only be known to the banks, is supported "by and large" by the entire industry, Roth said. It will be up to the Swiss government, which has already shown interest, to take the initiative further, he added.

I reproduce a lot for the purposes of public benefit.

I utterly oppose this proposal. There are numerous good reasons for doing so.

Secrecy is pernicious. It undermines the smooth operation of markets. It permits corruption. It facilitates crime. It undermines democracy. It destroys the rule of law. Swiss banks have shown their willingness to support crime, corruption and as a result they have contributed to the thousands who die daily as a result of corruption. There is no way we can trust the criminals in Switzerland guilty of condemning millions if not billions to miserable and often too short lives to police anything. Far from that: these people need to be in prison. That is the way they will learn about the force of law.

This proposal is designed to support the continuation of corruption, crime, tax evasion and more. Let's make no mistake about that.

But let's note a lot more: no deal for those without a DTA with Switzerland. So developing countries get no benefit. Wholly unacceptable.

Then it's down to the bank to identify the beneficial owner — I've spent a whole morning listen to high grade international prosecutors of corruption saying time and again banks don't do this properly, that the FATF is not requiring them to do this, and they willingly turn blind eyes anyway. And I guarantee you of this: the Swiss will willingly agree that Liechtenstein foundations are beneficial owners and will ask no questions about who is behind them. So there will be no disclosure in these cases.

And let's also be clear: this disclosure will only relate to income: capital movements are more worrying and nothing is being done to tackle these.

So let's get real about what this means. It is an outright defence of the corruption called banking secrecy. And the world has changed. This has been shown to impose a massive, unacceptable cost on the world of which there are real victims. You are one of them.

The Swiss case for this is indefensible. It is an argument that they be allowed to continue to act as the handlers of criminal funds — and knowingly so. This is an act in defence of crime. That's all this is about.

So the answer is No, No, No.