

The UK Swiss tax deal - not so fast the EU begins to sa...

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I hear rumours from the EU Commission on the UK Swiss tax deal.

First rumour is forget the Swiss German deal - it won't get through the parliament so the UK is going to be in the Swiss dodgy deal market all on its own.

Second, forget the 26% tax rate being less than the EU savings tax rate, although that's obviously unacceptable

The reality is that the official policy of the EU Commission is automatic exchange of information, nothing less. This is a principle they have not wavered from one iota with the EU savings tax amendments and even set in concrete with the [Administrative Cooperation and Mutual Assistance on Tax Matters Directive adopted unanimously by ECOFIN in February this year](#).

The German and UK agreements with Switzerland apparently state that "withholding tax is equivalent to automatic exchange of information in the long-run". Well, so they might. But that's in conflict with the EU policy. In that case the EU will "intervene" i.e. block the entire agreement by saying it is illegal within the EU.

Why will they do that? Simply because the EU Commission doesn't believe the PR that withholding tax is equivalent to exchange of information, besides which the EU Commission believes the withholding tax agreement has loopholes in which case an ineffective agreement with the Swiss certainly doesn't match automatic exchange of information.

So Dave Hartnett may have signed a deal.

But there's a good chance he may not actually see it come about.

Back to the much better European Union Savings Tax Directive then.