

The UK sells its tax sovereignty in a massive boost to ...

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It's extraordinary to note that on the day before the government supposedly announces a big crack down on tax avoidance by the wealthy in the UK it has today signed a further deal with the Swiss government on tax.

The press release on the [new deal is here and says](#):

Bern, 20.03.2012 - Today in Brussels, the Protocol of Amendment to the withholding tax agreement was signed by Michael Ambühl, State Secretary in the Federal Department of Finance, and Dave Hartnett, Permanent Secretary for Tax, HM Revenue & Customs. The agreement remains unchanged in essence. Interest payments will be excluded from the agreement's scope. At the same time, it will be ensured that UK taxpayers can discharge their tax liability on interest payments. Effectively, nothing will change for bank clients; their tax obligations will be fulfilled. Only the legal structure will change. The concerns of the EU Commission regarding compatibility with EU law have been removed. Inheritance is now also covered by the agreement in order to eliminate a loophole. In the case of inheritance, the heirs must consent to either collection of a tax or disclosure.

The agreement not only respects the protection of bank clients' privacy applicable in Switzerland but also ensures the implementation of the UK authorities' legitimate tax claims. In addition, mutual market access for financial services will be improved. The agreement requires the approval of parliament in both countries, and should enter into force at the start of 2013.

I wrote last year about this tax deal, on many occasions. What it in effect does is three things:

1) It grants to Swiss banks the duty to assess and collect tax from their UK resident tax evading clients who refuse to disclose the existence of their accounts to H M Revenue & Customs. This arrangement would of course be of no interest to anyone who had disclosed their interests here. So it can only be used by criminals - of whose existence

this deal now confirms Swiss banks are aware, in the process confirming their complicity in the tax crime their clients have committed.

2) Despite the very obvious fact that these banks have worked for decades to undermine UK tax collection we now grant them the sole right to assess and collect UK tax on these UK resident people. It would seem they are now even going to collect inheritance tax for us. I, candidly, do not trust them to do this and do not believe they will. They will do all they can to assist their clients get round their obligations - and marketing schemes to assist them to do so will be big business in Geneva right now.

3) The result is that anyone with illicit funds can now place them in a Swiss bank, pay tax on the income then arising on those funds in Switzerland and not actually declare that income arising in the UK - because the Swiss payment will completely cancel all obligation to declare the income at all in the UK - and in that way have the perfect mechanism for not just avoidance but evasion of tax on the original sum deposited.

I know of no other case where a person who is UK resident and with an obligation to make a tax return here on their income may suffer tax withholding abroad (and at lower rates than the UK charges at that) with us paying 25% of the tax to that foreign corrupt government that pays us that tax to reward them for operating an openly criminal banking system where as a result the UK resident is under no obligation at all to refer to that income on their tax return and can yet claim it to be complete, quite legally.

This is grand corruption in the UK tax system, let alone in the Swiss one. It is a licence to permit tax evasion to take place. It is an open invitation to anyone to permit tax crime. And a permanent secretary of the UK civil service - OK, Dave Hartnett, whose reputation is so tattered it is beyond redemption - signed it with the express permission of George Osborne.

One has to hope that the EU objects. But what a sorry state we have reached where the UK's H M Revenue & Customs is now actively promoting arrangements embracing tax evasion where no disclosure to them occurs and yet describes them as legal. Every honest person in this country must surely be revolted.