

Has the UK really got Â£3.2 billion from the Swiss ta...

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There's a [fascinating article on the Tax Justice Network blog today](#), which says:

There's been a fair bit of news about a supposed £3.2 billion windfall for the UK government in its latest budget. This has relevance far beyond the UK, because -- now that Germany has sensibly rejected its own version of a similar bilateral deal with Switzerland -- this is Switzerland's Exhibit A for claiming that its "anonymous withholding model" of tax collection is the right way forwards for the world. Under this Swiss model, criminal tax evaders are allowed to keep their affairs secret, but they are supposed to pay a hefty up-front capital charge to take account of past missed taxes -- and from then on, their affairs are whitewashed.

That's true, and TJN discusses that aspect on more depth, including why this deal was so easy to avoid it could never raise the sums claimed for it, but I'm interested in the money right now and as TJN says:

We noted in a detailed research report in 2011, however, that the deal was absolutely riddled with loopholes, and that official UK forecasts that the deal would raise £4bn - £7bn are likely to be confounded. We reckoned that because of the loopholes - some so egregious as to amount to a flag planted in the agreement saying 'evade me here' - the UK would be lucky to raise much beyond the CHF 500 million Swiss Francs guaranteed downpayment, paid (to the tune of £342 million) in January. So the news this morning would suggest that our calculations were wrong. Bloomberg, for instance :

"Britain's budget deficit narrowed in May as government spending fell and the Treasury got a 3.2 billion-pound (\$5 billion) boost from a deal with Switzerland to fight tax evasion."

That is far more than we could ever have contemplated under our analysis. This deal was politically very useful for the UK's embattled Chancellor (finance minister) George Osborne:

"The underlying deficit in May was little changed if money from the tax on Swiss bank

accounts held by Britons is excluded."

And the narrowing deficit was taken by a government spokesperson as a reason to say:

"It shows the deficit-reduction plan is working. Obviously that needs to be stuck at."

So: we were wrong.

But hang on a minute. As TJN adds:

Or were we?

Let's see, now. From the Office for National Statistics Bulletin, backing the budget documents:

"The payments are currently estimated by the Office for Budget Responsibility to be £3.2 billion and although the cash is anticipated to arrive over the coming year, under National Accounts rules the full cash amount is being accrued to May 2013 when the liability fell due."

Ah. Well. So -- beyond that guaranteed £342m, the cash has not arrived yet, after all. This is not revenue, but an expectation. Perhaps it would better be called a hope.

It may in fact just be whistling in the wind. HMRC has never justified its estimate for tax to be collected from Switzerland. There will be much egg on face if this estimate proves to be wrong.

And I think some of us will be happy to note it.

Or admit we were wrong, after all.