

HSBC and EU tax abuse: if only some people had listened...

Published: January 14, 2026, 1:28 pm

Back in [2008 I wrote this on this blog](#):

Switzerland has [announced](#) that:

there has been a substantial increase in the amount of tax retained on behalf of the European Union for 2007. The withholding tax on savings accounts of EU citizens added up to SFr653 million (\$618 million) last year, SFr116 million more than in 2006.

A little analysis shows this to be bluster, and that the real story is something quite different.

Let's look at some facts. First, interest rates increased by at least 29.4% in the year i.e. from average daily 12-month Euro LIBOR of 3.44% in 2006 to 4.45% in 2007. Secondly, the $\text{€} / \text{CHF}$ exchange rate improved by 3.1% from end 2006 to end 2007. All things being equal therefore, the Swiss withholding tax should have increased by at least 33% (1.294×1.031). However, the withholding tax increased by only 21.6%. That's in real economic terms a fall, therefore. But this is illogical. We know, for example, that UBS had [net private wealth inflows](#) into Switzerland from 2000 until the last quarter — CHF31.5 billion in fact in the last quarter of 2007.

This also makes no sense. The implication of the sums withheld is that deposits subject to the EU STD have gone down, from $\text{€}64.7$ billion in 2006 to $\text{€}58.9$ billion in 2007.

The implication is obvious: [EU STD](#) avoidance is rising. It's another very good reason for reform. TJN will keep campaigning for it.

What was obvious was that someone was, on an industrial scale, abusing the rules put in place by the European Union to beat tax evasion in Switzerland.

Now [we know that HSBC was, on an industrial scale](#).

Over many years some tax campaigners - and most especially John Christensen of Tax Justice Network and I - have been told we've been wrong, deluded, can't do data

analysis, draw the wrong conclusions and just make stuff up: and that's just what governments (including the UK's) have said.

Except we've been inevitably proved right in the end.

This is another case where people should have noticed what we were saying a long time ago.