

## Switzerland says no to yet more tax abuse

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Switzerland is a land of referenda. Yesterday they had one on proposed corporate tax reforms and those reforms were rejected. To [read the FT](#) you would think this was a setback to tax justice:

*Switzerland's attempts to overhaul its corporate tax regime have suffered a setback after voters decisively rejected reforms to bring the country's practices in line with international standards. The government had hoped to secure approval for changes that would keep corporate tax rates globally competitive while abolishing special treatment for many multinational companies. In a referendum on Sunday, however, the plan was rejected by 59.1 per cent of voters - a much larger margin of defeat than opinion polls had suggested.*

This is, however, to follow the official government line on this, which was unsurprisingly heavily aligned with the big business view. For an alternative view I quote an email sent last week by long time Swiss tax activist and one time Tax Justice Network colleague Bruno Gurtner, who said:

*After more than 20 years of resistance the government introduced a bill to the Parliament to abolish finally the ring-fencing privileges for holding and domicile companies allowing low or zero taxation of foreign profits of Swiss based companies, clearly harmful tax practices.*

*All the best now? Not at all. The proposed bill introduced at the same time a series of new loopholes and will give to the Swiss cantons the space to drastically reduce the overall company profit tax rate. The bill will allow patent boxes, reduced dividend taxation, 150 percent deduction of R&D expenditures and a new system of notional interest deduction among others. The result: an unknown amount of tax income reduction. And a win of attractiveness for a new round of dislocation. We know, a lot of other countries do also know such instruments. But the accumulation of all these measure will make Switzerland again to a paradise for profit shifting international companies.*

*The right wing big chamber of the Parliament even shaped the Government proposal. Therefore Socialist, Greens and Trade Unions launched a referendum. Whilst first polls gave a quite strong majority for the Government/Parliament proposal, the wind changed in the meantime. The "Stimmung" now seems to turn. People feel more and more that new taxes for individuals will be introduced or that expenditure for social, environmental, educational and international cooperation tasks will follow.*

*The chance is very big that we will win this vote.*

*What does mean that? Are Swiss voters in favor of keeping the contested privileges? Not at all. Nearly nobody in Switzerland is against the abolishment of the ring-fencing. But we want a better corporate tax reform, a reform without new loopholes, a reform which does not introduce a new round of uncontrolled tax competition (war?) between the Swiss cantons or between Switzerland and the other countries.*

See it this way and what happened was a resounding rejection of another round of tax abuse creation from which big business would win and for which the people of Switzerland would pay. And they said no to that.

Good for them.

I call this a win for tax justice. Now Switzerland has to come up with new tax laws that suit its people as well as the interests of big business. If only other countries had to do the same thing we might all be in a better place.