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Belgium must not sign a tax deal with Switzerland. It is a swindle.

Belgium is negotiating a tax deal with Switzerland under the Swiss-designed "Rubik" model, which is supposed to raise big tax revenues from the Swiss bank accounts of wealthy Belgian tax evaders, while keeping their accounts secret.

This would be a disaster for Belgium, not just for ethical reasons but because the promised billions in revenues will never materialise. In fact, all things considered, such a deal would be revenue-negative for Belgium.

Worse, these Rubik deals are the centrepieces of a plot by Swiss bankers to sabotage a major global initiative on financial transparency.

Rubik: as many holes as a Swiss cheese

Switzerland has already signed bilateral tax deals with Britain, Germany and Austria under the Rubik model, where Switzerland promises to tax the undeclared assets of those countries' wealthy citizens, while keeping their Swiss accounts secret. The deals are all nearly identical apart from tax rates and Switzerland is now talking to Greece, Italy, Belgium and others to sign more.

The Swiss model contains loopholes, outlined below, that are so numerous and brazen that it is child's play to avoid. A Zurich-based tax adviser said of the British "Rubik" agreement with Switzerland:

> *"This is beyond pathetic. The Swiss must be laughing their heads off."*

Reports in Belgian media – encouraged by Swiss bankers – have suggested that Belgium might reap €10 billion from a Rubik deal. Numbers such as this, encouraged by Swiss bankers, are nonsense. We calculate that the extreme upper limit of possible revenues for Belgium from a Swiss Rubik deal is **about €1 billion** – but eventual revenues would fall far short of that. (The accompanying background note gives our detailed calculations.) The one-off sum from such a deal, never to be repeated, would be insignificant compared to Belgium's € 180-200 billion annual budgets – and would in any case be offset by bigger losses elsewhere as a result of Rubik.

A tool for Swiss sabotage

The "Rubik" model was originally designed by the Swiss Bankers' Association (SBA) as a political tool to sabotage global progress towards the gold standard of transparency: *effective automatic information exchange*. The SBA even publicly admits this. Rubik, it says, was created as "an independent counter-concept . . . to prevent automatic information exchange." In particular, it takes aim at the **European Savings Tax Directive** (EUSTD, see below,) a pan-European transparency project that came into force in 2005. The current EUSTD is also full of loopholes, but major Amendments would, if passed, give it serious teeth and raise serious tax revenues from offshore accounts for the first time in history. It is these Amendments that are the prime target of Rubik.

Switzerland has checked the political progress of these Amendments by luring Germany, Britain and others into its ineffective Rubik tax deals, playing divide and rule in Europe. In this complex political chess game, the European tax havens of Luxembourg and Austria, which support Switzerland, are using Rubik as a pretext for blocking the Amendments.

In summary, Switzerland's loophole-riddled Rubik project will not only fail to raise any meaningful taxes from wealthy Belgians, but it risks sabotaging the only project with a hope of taxing these accounts properly for the first time. Worse, offering Belgium's wealthy criminal tax evaders guaranteed financial secrecy and special treatment is profoundly dangerous for democracy and the rule of law.

If this project of Swiss bankers succeeds, Belgium and European countries will allow impunity for their wealthiest élites -- and suffer lower tax revenues.

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Notes to editors:

The European Savings Tax Directive (EUSTD)

This is a co-operative arrangement between 42 European countries and other 'participating partners' (including Belgium, Switzerland and tax havens such as the Cayman Islands) where countries exchange relevant tax information with each other, so they can tax their citizens' cross-border assets properly. Like Rubik, the current version of the EUSTD is full of loopholes, but far stronger Amendments are now awaiting approval which would close all the above loopholes and raise serious money for the first time. (See more here and here.)

A detailed description of the Rubik model, its loopholes, and our detailed calculations estimating the maximum sum it might raise, is provided in our accompanying background note.