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

Italy is negotiating a tax deal with Switzerland under a Swiss-designed model known as “Rubik”, which is supposed to raise big revenues from the Swiss bank accounts of wealthy Italian tax evaders, while keeping their accounts secret.

This would be a disaster for Italy, 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 Italy.

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

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.”

We calculate that the extreme upper limit of possible revenues for Italy from a Swiss Rubik deal is **about €4 billion**. The one-off revenues would not only fall far, far short of that upper limit – which is itself insignificant compared to Last year’s €62 billion budget deficit – but they would 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. While the EUSTD is currently also full of loopholes, major [Amendments](#) are now in the wings which, if passed, would 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 real 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 Italians, but it risks sabotaging the only project with a hope of taxing these accounts properly for the first time. Worse, offering Italy’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, Italy and European countries will allow impunity for their wealthiest élites -- [and](#) suffer lower tax revenues.

Italy must beware of Swiss bankers bearing gifts. The ‘gift’ here should be read as the translation of the German word [Gift](#): poison.

Notes to editors:

The European Savings Tax Directive (EUSTD)

This is a co-operative arrangement between 42 European countries and other ‘participating partners’ (including 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](#).)

Our accompanying background note provides details on the Rubik model, and our detailed calculations.