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## Address

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# **Fighting tax evasion is a shared responsibility**

**Address by President Hans-Rudolf Merz at the Conference against tax fraud  
and evasion**

Berlin, 23 June 2009

**1 Enhancing tax compliance**

**2 Cooperation of Switzerland in OECD Model tax agreement**

**3 Protectionism and sanctions**

**4 Level playing field**

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Excellencies,  
Ladies and gentlemen,

I would like to thank Mr. Steinbrück and Mr. Woerth for organising this informal meeting. In the past months, a lot has been said and written about cooperation in international tax matters and about so called uncooperative jurisdictions. I hope today's meeting contributes to an objective and factual discussion about this issue.

Allow me four remarks on the subjects:

1 Enhancing tax compliance requires two elements: On the one hand we need to create at the national level favourable conditions for cooperation between tax payers and tax authorities. A state enhances the confidence of its citizens by offering attractive tax conditions. Tax policy should promote economic growth, and a tax system must be simple enough to be understood by our citizens. Instead of creating a culture of distrust and of harassment, our tax systems should be citizen-friendly and inspire confidence. The majority of tax-payers will pay their dues if they see that their money is being used with care and their tax burden is fair.

On the other hand, in a globalised world, in which capital can be transferred from one end of the globe to the other within seconds, increased international cooperation is necessary in order to ensure the integrity of the financial markets.

Both elements together enhance compliance of tax payers. They constitute a shared responsibility of those countries where capital is located with those countries where the owner of this capital is taxable.

2 Switzerland quite recently has fully accepted Article 26 of the 2005 OECD Model Convention and, consequently, has withdrawn its reservation. My tax department is at present dashing across the globe to revise our bilateral double taxation agreements. I am happy to inform you that already a number of revised agreements have been initialled. I am confident that by end of the year we will have signed at least twelve such agreements. Swiss government is committed to act as swiftly as possible.

3 We should bear in mind that the majority of our citizens are honest taxpayers. This is why Switzerland will continue to ensure an appropriate privacy to those citizens. Repressive measures must be the last resort against tax evaders.

Switzerland shares the goal to fight tax fraud and tax evasion. We do so in our own country and we have in the past years continuously increased international cooperation through a number of multilateral and bilateral agreements.

In times like these we all need to keep our budget together and seek ways to secure the state's income. But this objective cannot be achieved through protective measures to restrict cross-border capital flows, nor can it be achieved through the curtailing of tax competition or through a policy of sanctions against other countries. Such measures should only be envisaged in exceptional circumstances. In a globalised financial system crossborder capital flows are an indispensable element to support the financing of goods and of services and to ensure economic growth. So I hope that we can all agree today to a clear statement against protectionist measures which would be to the detriment of investment and trade.

4 Last but not least: Switzerland is willing and ready to participate in the international discussions towards the establishment of a true international level playing field regarding the exchange of information. Such a level playing field must not only exist on paper, it must be implemented in practice. The mere existence of an arbitrary number of agreements says nothing about the quality of the information exchanged. Those who have established this standard should lead by example. To this end we ask the OECD to establish in a transparent and inclusive manner a monitoring system based on peer reviews. Such a system should ensure that all OECD countries are fully associated with the standard setting work, while the monitoring should be extended to all countries and be based on objective criteria. A real level playing field requires an impartial and transparent assessment mechanism that monitors the effective implementation of the standard. I therefore strongly endorse the language in the communiqué in this regard.