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Swiss, Greeks Begin Talks on Tax Deal

By [NEIL MACLUCAS](#)

ZURICH—Switzerland has begun formal talks on a deal to tax assets stashed in secret Swiss bank accounts by Greek citizens, in line with similar agreements struck with other European countries, the Swiss government said Wednesday.

"Bern and Athens are striving towards the swift conclusion of an agreement, permitting the regularization of undeclared Greek assets in Switzerland and the introduction of a final withholding tax with Greece in the future," the Swiss government said in a statement Wednesday.

A tax deal with Switzerland could help Greece crack down on widespread tax evasion which is estimated to cost the cash-strapped country as much as €28 billion (\$35.88 billion) a year, according to a study by Margarita Tsoutsoura of the University of Chicago's Booth School of Business.

In recent weeks, Greece's government has grappled with a growing controversy surrounding a list of 2,000 Greeks with Swiss bank accounts. These are allegedly among the names of about 24,000 clients of [HSBC Holdings](#) PLC's private bank in Switzerland whose details were copied by former employees.

The information wound up in the hands of French tax authorities, and was passed to Greek authorities in 2010 by former French finance minister Christine Lagarde, now head of the International Monetary Fund, Greek officials have said. At issue is why the Greek authorities failed to act on the information to combat tax evasion for two years in a country where tax dodging is rife and the government is implementing further cutbacks in pensions and salaries.

Despite years of belt-tightening and budget austerity, Greece's efforts to crack down on tax evasion have been poor.

The Swiss have already reached deal with Germany, the U.K. and Austria on withholding tax, and they should come into force in 2013. The agreements came more than three years after the U.S. began a dispute with the Swiss after finding that Zurich-based [UBS](#) AG had helped thousands of Americans avoid taxes.

In addition to the three deals Switzerland has already reached, the Alpine country is negotiating with Greece and Italy, and has begun informal talks with France. The Alpine country is keen to change its image as a haven for foreign citizens seeking to hide untaxed assets,

"We are also taking to several other countries, inside and outside Europe, but they don't wish to be identified," said Mario Tuor, a government spokesman.

The Swiss want to conclude deals on withholding tax, rather than allowing the automatic exchange of bank information, as a way of trying to preserve the secrecy seen as crucial to its offshore wealth-management sector.

Switzerland has built up a \$2 trillion offshore financial industry over the years, but is struggling to preserve its bank-secrecy laws as global pressure mounts from nations seeking to repatriate taxes owed by citizens who have stashed funds in Swiss accounts.

Thus far only the U.K. and Austrian governments have approved the agreements, while political opposition in Germany threatens to scuttle the deal in the country's upper house later this year.

Write to Neil MacLucas at neil.maclucas@dowjones.com

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