

Chidambaram flays Swiss stand on tax dodgers

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In a strongly worded reply to his Swiss counterpart, Finance Minister P Chidambaram accused Switzerland of protecting tax evaders whose names appeared in the HSBC Bank list.

"Refusal to provide assistance in cases where evidence has been collected by the Indian tax authorities, for the reason that the names of the persons concerned existed in the HSBC bank data, amounts to Switzerland providing protection to taxpayers found to have evaded Indian taxes, and seriously undermines India's efforts in tackling offshore tax evasion and stashing of unaccounted income abroad," he said in a recent letter to Swiss Finance Minister Eveline Widmer Schlumpf.

Reiterating India's position that the data was legally obtained from France under Indo-French tax treaty, Chidambaram said India's views were shared by other members of the global forum and unless the issue was addressed India would continue to take position at the global forum that the legal and regulatory framework for an effective exchange of information was not in place in Switzerland.

A disgruntled employee of HSBC Geneva has stolen the data from the bank branch. The French government got hold of the data and shared it with India through the legal channel.

The finance minister said that the interpretation made by Switzerland that it could not share the stolen information as per India's request was not in accordance with international standards.

Chidambaram warned that an effective exchange of tax-related information was extremely important for economic co-operation between the two countries and Switzerland must honour its rights and duties agreed to in their bilateral Direct Tax Avoidance Convention (DTAC).

In a meeting with Swiss delegation in February, India had demonstrated that in many of the cases mentioned in the HSBC list tax authorities had gathered incriminating evidence of tax evasion through their own investigation and actions. Thus India wanted Swiss authorities to consider its request for information independently of the stolen data.

"However, the Swiss delegation insisted on a pre-condition that India needs to demonstrate that the investigation carried out in these cases was initiated independently of the HSBC data and was based on information already available with the India

authorities prior to receiving the HSBC data from France. These are unusual preconditions and are intended to refuse assistance," Chidambaram said.

In its last letter to India, Switzerland informed that its Parliament approved amendment to a law that seeks to make exceptions to the requirement of prior notification of account holder and assured that the legislation would come into effect from July. The finance minister expressed satisfaction over this.

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