



University of
St Andrews



Policy Brief - #1.6 Case study – Switzerland

The impact of the Switzerland's tax policies on
Determinants of Health and Mortality rates



The consequences of tax abuse

Tax abuse is increasingly being recognised as a significant barrier to development. Government revenue in low-income-countries relies more heavily on corporate tax than in high-income-countries, and tax abuses by international players can have a much more significant impact on their ability to accrue government revenue and invest in healthcare and education ([Moore, 2015](#)). Our [peer-reviewed research on Government Revenue and Development \(GRADE\)](#) has demonstrated that an increase in government revenue in low-income-countries can have a significant impact on its ability to provide Determinants of Health (e.g. sanitation and drinking water) and reduce under-5 (U5) and maternal mortality rates.

Tax policies in the Switzerland

Switzerland has been recognised both as a stark offender and victim of tax abuse. In 2020, the Tax Justice Network released [a report on the State of Tax Justice \(SOTJ\)](#). For the first time, the report revealed an account of how much each country loses annually to tax evasion and corporate tax abuse. In this report, Switzerland is ranked 3rd on the Financial Secrecy Index, which ranks countries by how strongly their financial systems allow individuals to hide their finances from the law, and 5th on the Corporate Tax Haven Index, which ranks countries by how strongly they have enabled corporations to abuse taxes. It is also one of four countries that comprise what has been dubbed the 'axis of tax avoidance', namely the UK, the Netherlands, Switzerland, and Switzerland. Together, these countries are responsible for almost half of all corporate tax abuses. The areas [most affected by Switzerland's tax abuses are Eastern Europe and Africa](#). This report aims to contribute towards the growing evidence base of the impact of tax abuse enabled by the Netherlands on low-and middle-income-countries.

Harm caused by Switzerland's tax policies

We used the figure provided by the SOTJ to demonstrate Switzerland's role in total harm caused to other countries through tax abuses, see figure 1. Additionally, we calculated the Switzerland's share in global harm caused through corporate tax avoidance and tax evasion.

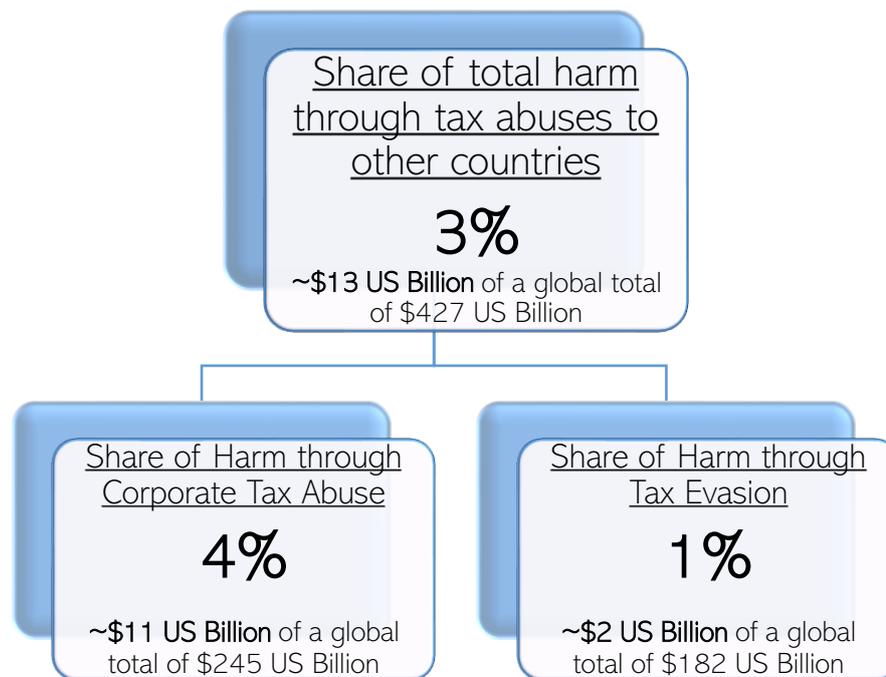


Figure 1 Harm caused by Switzerland's tax policies

These figures demonstrate that Switzerland play a significant part in the harm caused to other countries through tax abuses. At 3% of the global total, 4% of global corporate tax abuse and 1% of global tax evasion, Switzerland plays a seemingly small role in the world in the harm done to other countries through tax abuses. However, the impact of curtailing these losses in low-income-countries could make a great difference in their ability to provide healthcare and education and reduce mortality rates. If only a small amount of the \$13 billion lost to tax abuse by Switzerland were available to governments in these countries, it could potentially have a significant and long-lasting impact. If the total tax abuse were to be distributed equally across all 7.6 billion global citizens, it could increase government revenue per capita by \$1.67. Considering that the average government revenue per capita in low-income-countries lies at \$116, this would amount to an increase of 1.4%. Previous studies have demonstrated noticeable long-term impacts, with an increase of only 10% in national tax revenue leading to a 17% increase in public health expenditure in low-income-countries ([Tamarapoo et al., 2016](#)). A minor increase in government revenue within low-income- countries will assist in the promotion of fundamental human rights, a condition of treaties such as the Universal Declaration of Human Rights and the United Nations Convention for the Rights of the Child, it is vital that the impact of tax abuses is recognised.

Increased coverage of the determinants of health and the number of child deaths averted associated with an increase in government revenue equivalent to the proportion of global tax abuse attributable to Switzerland (10-year projection)

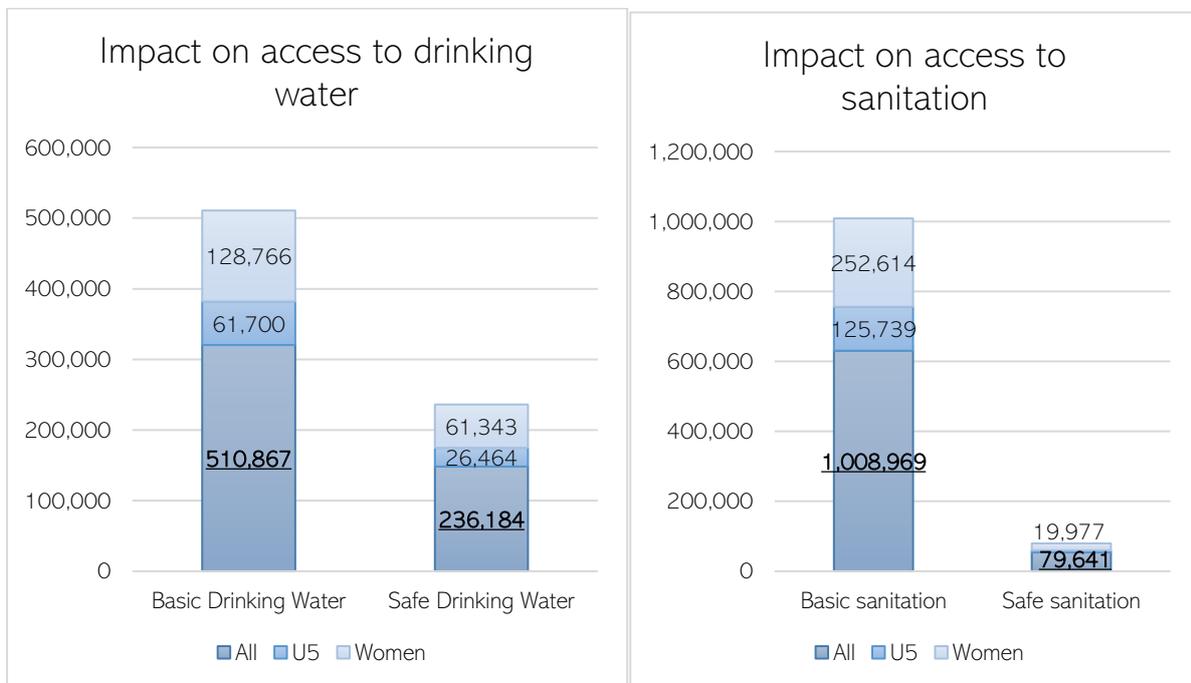


Figure 2 The potential of reconsidering Switzerland' tax policies

We used our [GRADE tool](#) to calculate the effect of Switzerland' tax abuses on DOH and mortality rates of other countries. Switzerland contributes 6.5% of the total harm through tax abuses to other countries, if they did not enable these tax losses annually (\$13 US Billion), we estimate that over a ten-year period, 17,785 Under-5 deaths and 2,190 maternal deaths would be averted, children would attend school for an extra 98,772 years, 510,867 people (of 61,700 are children and 128,766 are women under 50) would access basic drinking water and around 1 million people (of which 125,739 are children and 252,614 are women under 50) would access basic sanitation, see figure 2. These figures demonstrate that the Switzerland' tax policies have significant human consequences and must be carefully reconsidered. Equally they demonstrate the huge potential for children if these policies are reviewed.

Call for Action

These figures demonstrate that Switzerland's tax policies come with a serious human cost and impact the right to health for many children. It is essential that governments worldwide recognise the impact tax abuses have on Determinants of Health and mortality rates, particularly within low-income-countries. Allowing tax abuses to continue actively undermines fundamental human rights, which stands in direct opposition to the Universal Declaration of Human Rights and the United Nations Convention for the Rights of the Child. We are calling for action from Switzerland and leaders worldwide to take measures to prevent policies which allow tax abuses to continue.

The GRADE project is funded by:



Scottish Funding Council
Promoting further and higher education



The Professor Sonia Buist
Global Child Health
Research Fund