

The League of Nations and the international tax question

*Dr Alexander Ressos, TEP
Attorney-at-Law (Switzerland), Solicitor (Hong Kong),
Solicitor (England & Wales)*

The establishment of the League of Nations in Geneva in the aftermath of the First World War had an unexpected consequence for the financial centre: the city became the place where the first international rules on taxation were discussed. From the 1920s onwards, the Fiscal Committee of the League of Nations drew up model conventions designed to avoid double taxation and to combat tax evasion.¹

This work already revealed the tension that would mark the history of the financial centre. States confronted with capital flight wished to develop the exchange of information between tax administrations. The countries receiving that capital, Switzerland among them, defended the protection of the private sphere and gave priority to the elimination of double taxation. The model conventions drawn up in Geneva would serve as the basis for the later work of the Organisation for Economic Co-operation and Development.²

The irony of history is striking. The city that housed the founding work of international tax cooperation also housed banks that managed assets withheld from the tax authorities of the participating countries. This contradiction, long tolerated, would be resolved at the beginning of the twenty-first century by the adoption of the automatic exchange of information, which Part E will trace.

Worked example. A French company paying dividends to a shareholder established in Switzerland may, in the absence of a convention, suffer withholding tax in France, while the shareholder is taxed in Switzerland on the same income. If the French withholding is 15 per cent and the Swiss tax 30 per cent, the total burden reaches 45 per cent of the dividend, unless one of the two states grants a credit or an exemption. A double taxation convention allocates the right to tax between the two states and limits this

burden. The figures are fictitious; they illustrate what was at stake in the tax work undertaken in Geneva between the wars.

1 Notes

1. Reuven Avi-Yonah, “Tax in History: The 1923 Report and the International Tax Revolution”, Intertax 51/5 (2023): report on double taxation submitted in 1923 to the Financial Committee of the League of Nations by Professors Bruins, Einaudi, Seligman and Sir Josiah Stamp, whose principles remain influential a century later; Brian J. Arnold, Introduction aux conventions fiscales (UN, Department of Economic and Social Affairs): “After the First World War, the League of Nations began work on drawing up model tax conventions”, work which “led to the drafting of the model conventions of 1943 and 1946”. ↩
2. Brian J. Arnold, Introduction aux conventions fiscales (UN): “Work on drawing up a model treaty acceptable to all was subsequently taken up by the OECD”; “The OECD Model Convention was first published in draft form in 1963. It was revised in 1977 and again in 1992”. ↩

For general information only. This article does not constitute legal or tax advice, does not replace advice on an individual case and creates no lawyer-client relationship. It reflects the legal position as of September 2026.

Online version: helveticaregister.com/geneva-the-league-of-nations-and-the-international-tax-question