Name: Alert ID: TMML2024036650266 HSBC’s Swiss private banking arm has agreed to pay nearly $336m to settle a tax fraud case in Belgium, prosecutors said on Tuesday, in the latest blow dealt by the European Union to the Alpine state’s banking sector. HSBC, Europe’s largest bank, was “charged by a prosecutor in 2014 for serious and organised tax fraud, forgery and falsification of records, money-laundering and illegal use of financial intermediaries”, said prosecutors. They alleged that HSBC helped and encouraged the avoidance of the EU savings tax by creating offshore companies in Panama and other tax havens in the Caribbean for wealthy Belgian clients “with no other purpose but to hide money”. A spokesman for HSBC declined to comment. But it has already not been a good week for the bank, which announced 4,000 job losses and parted ways with CEO John Flint on Monday. Overhaul The bank has now made and committed to a significant overhaul of its practices to counter financial crime risks following the Belgian allegations, prosecutors said. European governments have stepped up their pressure on banks and tax havens in recent years after a string of media revelations – including of the disclosure of the Panama Papers, exposed tax avoidance and evasion schemes that helped the wealthy to avoid paying taxes in the bloc. The Belgian prosecutors said that under the settlement, which still needs to be endorsed by Belgian judges, HSBC agreed to pay $330m to the Belgian state for losses in tax revenues caused by the alleged illegal activities carried out by the bank since 2013. The prosecutors estimated that money transferred to these financial vehicles could amount to several billions of dollars. More than a thousand Belgian taxpayers could have used HSBC’s illegal schemes, which mostly served clients active in the Antwerp diamond business, prosecutors said. In addition to the tax fraud, the prosecutors’ statement said part of the illegal transfers could have involved money laundering. The settlement comes after a French court in February ordered UBS, another Swiss lender, to pay $5bn in penalties for illegally soliciting clients and laundering the proceeds of tax evasion. UBS, which is under investigation in Belgium for a similar case, denies the charges. Swiss banks have been exposed to such legal challenges since 2004, when Bern agreed to apply an EU tax on the savings income of its lenders’ EU clients.