



Tax havens and tax evasion

mechanisms of evasion

effects

regulation



Taxes and globalisation: four core problems

- tax havens





tax havens: money beyond law





British Virgin Islands

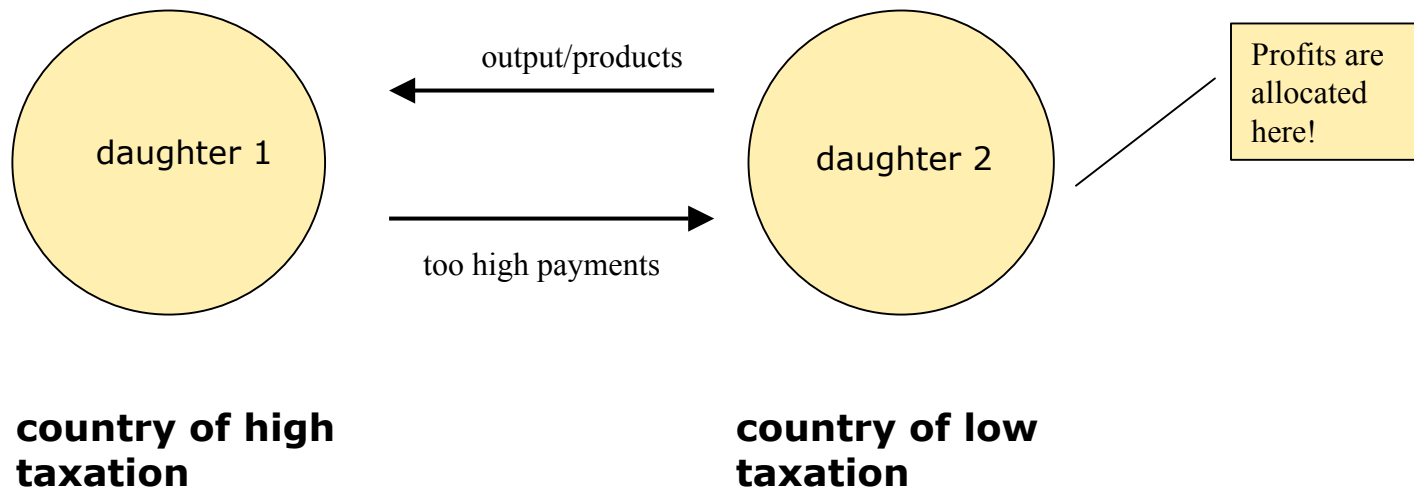
language	English
country status	British dependency
population	19.100
currency	US\$
capital controls	none
savings in banks	about 7 Bill. US-Dollar
investments in funds	about 40 Bill. US-Dollar
number of companies	302.300
normal taxation	1.400
no or reduced taxation	300.900



How transnational companies legally cheat taxes...

Part 1: classic transfer pricing

- 30-50% of world trade are intra-firm trade
- internal prices can be manufactured
- particularly easy: internal services, trade marks, patents

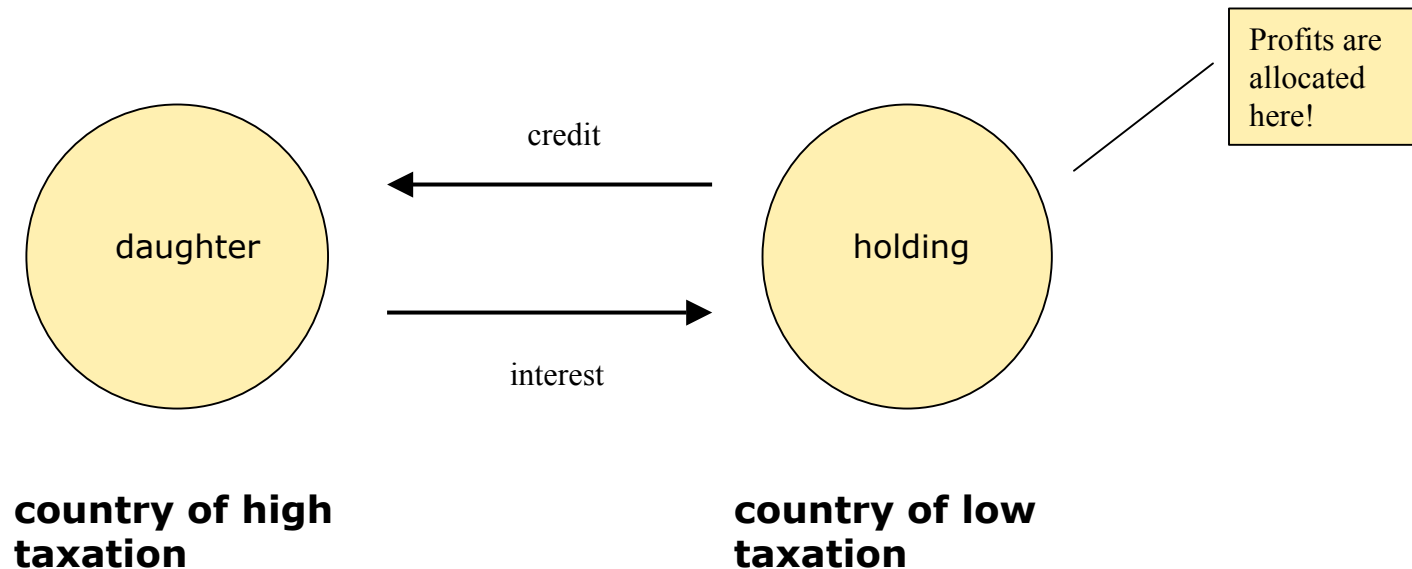




How transnational companies legally cheat taxes...

part 2: thin capitalisation

- many countries offer tax concessions for holding companies





Taxes and globalisation a typology of problems

- tax havens
- free trade zones / export processing zones





Taxes and globalisation a typology of problems

- tax havens
- free trade zones / export processing zones
- unfair tax competition





“unfair” tax competition

- tax rates for foreign individuals or companies lower than for domestic companies or individuals





Taxes and globalisation a typology of problems

- tax havens
- free trade zones / export processing zones
- unfair tax competition
- tax competition and race to the bottom





Estimating the scale of the problem

- capital invested offshore: 7 - 10 trill. US\$
- number of offshore companies: 3 million
- taxes lost in developing countries: at least 50 billion US\$



Who profits from tax havens?

- wealthy individuals
- transnational corporations
- tax haven countries
- companies and professionals in the financial community
- political forces in favour of economic liberalism





Who suffers from tax havens?

- welfare systems
- developing countries
- small and medium sized businesses





What is to be done? It is simple!

- **tax evasion by individuals**
 - lifting the secrecy space: exchange of information
- **tax evasion/avoidance by companies**
 - harmonising tax rates and bases
 - full application of the residence principle or
 - changing the way corporate taxes are calculated (unitary taxation)

information:



action:



= global justice movement

science:

