

23rd September 2008, SKATTEREVISORENES FORENING

Welcome to a world without rules
tax evasion, secrecy and the suppliers of corruption



John Christensen
director, tax justice network



Tax Havens: Creating Turmoil
Submission by TJN-UK to the Treasury
Inquiry into Offshore Financial Centres
and their role in causing market instability
- June 2008

“ Tax havens
undermine effective
democratic government and
deny the supply of
information that markets
need if they are to operate
properly. So significant is the
challenge they pose to global
economic and social stability
that the risk cannot be
assessed within the financial
domain alone; it permeates
the infrastructure of our
society . . . ”

The Observer

EDITORIAL: Britain can no longer indulge these buccaneering financiers

21st September 2008

“ The whole culture of City opacity – the tax havens, the seclusion of liabilities off-balance sheet, the offshore investment vehicles – must be subjected to the harsh glare of public scrutiny. For a generation, the City and Wall Street have assumed an unalienable right to make as much money as possible, in whatever way they saw fit, while paying as little tax as possible. Policy-makers accepted that such unchallenged greed served the public good. That consensus must end. ”

MEMORANDUM

From: W.G. Hullard, Colonial Office

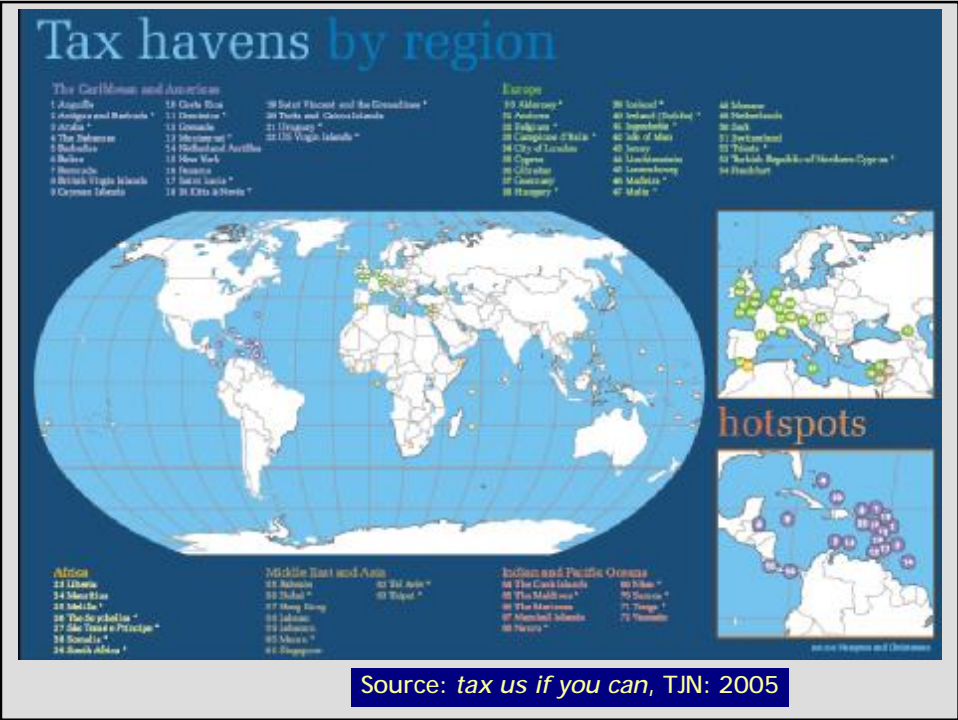
To: B.E. Bennett, Bank of England

Date: 3rd November 1961 ← half a century of inaction!!!

Subject: Financial regulation in the Bahamas

“ We feel that this (lack of provision of an effective regulatory system) might be a grave omission, since it is notorious that this particular territory, in common with Bermuda, attracts all sorts of financial wizards, some of whose activities we can well believe should be controlled in the public interest. ”

BANK OF ENGLAND



The Observer
Super-rich hide trillions offshore
 Study reveals assets 10 times larger than UK GDP
 Exchequers deprived of hundreds of billions in tax

Where the rich stash their cash

“ . . . Wealth held in tax havens is costing governments around the world US\$255 billion annually in lost tax revenues according to research published in March 2005. This sum is over three and a half times greater than the highest estimate of the additional financial resources required to meet the United Nations' Millennium Development Goals. . . ”

TAX JUSTICE FOCUS
 the quarterly newsletter of the tax justice network
 Spring 2005 VOLUME 1, NUMBER 1

**Death and taxes:
the true toll of
tax dodging**
A CREDITS Aid Over:
2007-2008

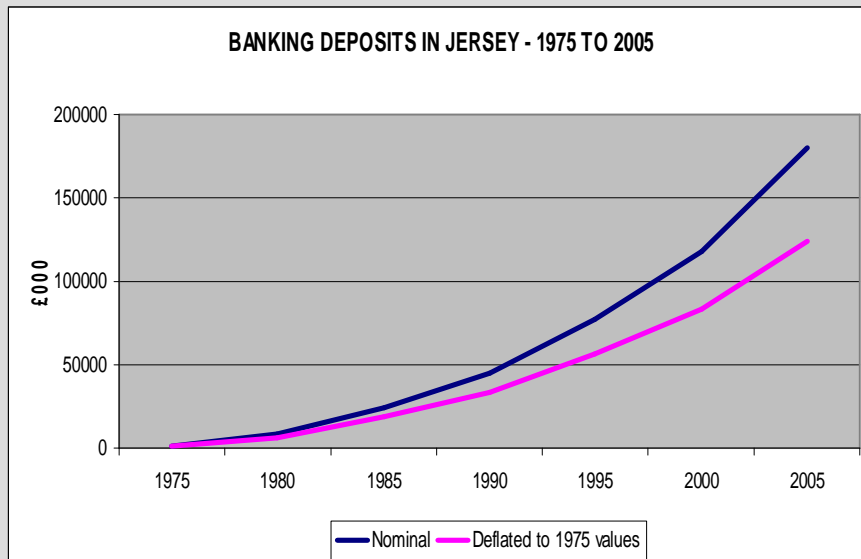


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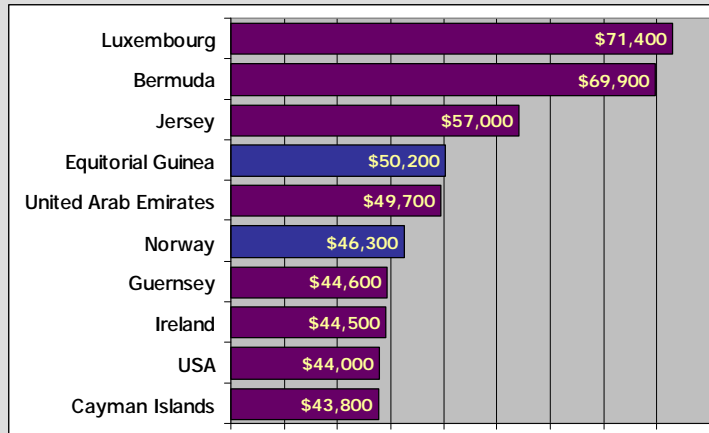
Transfer mispricing and false invoicing costs the developing world US\$160 billion a year. That is more than one-and-a-half times the combined aid budgets of the whole rich world – US\$103.7bn in 2007.

”

BANKING DEPOSITS IN JERSEY - 1975 TO 2005



Global top-10 countries by GDP per capita



Source: Central Intelligence Agency, 2007

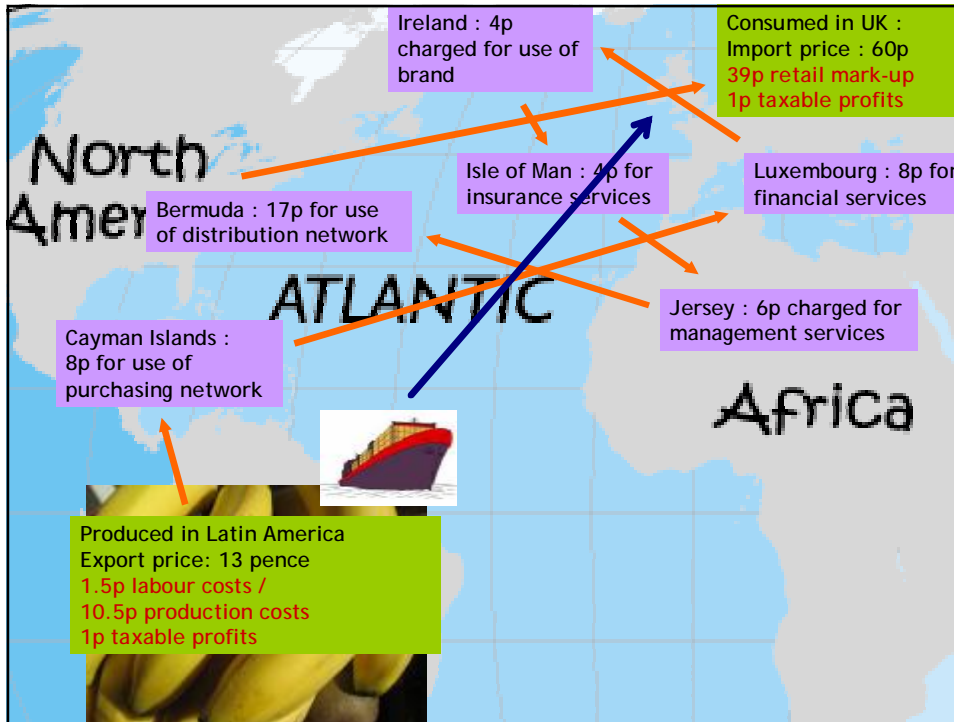
““ *The expanding credit crisis has helped underline the dangers of a lack of transparency in international finance, poor regulation and insufficient cooperation . . . Yet the world risks wasting political capital on the wrong targets. We are pursuing the timorous policies of a past age to tackle tax havens.* ””

FT Comment

Stop this timidity in ending tax haven abuse

John Christensen and David Spencer, 5th March 2008





"Protected Cell companies have - in concert with other entities - been used to construct what has been called "an impenetrable wall" against creditors and prying eyes. Whilst these claims can only be tested by time, this novel use of a PCC for asset protection and financial privacy is an interesting approach and a valuable piece of intellectual property."

www.offshore-fox.com accessed 26th June 2007

insider trading

market rigging

avoiding disclosure of conflicts of interest

illicit arms trading

illicit political donations

contract kickbacks

bribery

fraudulent invoicing, trade mispricing and tax evasion



“living of lax regulation”

Wall Street Journal
17th September 1996

phase two of the anti-corruption agenda - tackling secrecy jurisdictions

Country rank	African countries	2007 CPI score
179	Somalia ***	1.4
172	Chad / Sudan	1.8
168	Congo D.R. / Guinean, Equatorial Guinea	1.9
162	Central African Republic	2.0
150	Congo (Republic) / Côte d'Ivoire / Kenya / Liberia / Sierra Leone / Zimbabwe	2.1
147	Angola / Guinea Bissau / Nigeria	2.2

Country rank	Secrecy jurisdictions	2007 CPI score
4	Singapore	9.3
7	Netherlands / Switzerland	9.0
12	Luxembourg / UK	8.4
14	Hong Kong	8.3
17	Ireland	7.5
20	USA	7.2
21	Belgium	7.1
23	Barbados	6.9
24	Saint Lucia	6.7
25	Uruguay	6.7
30	Israel / Saint Vincent and Grenadines	6.1
32	Qatar	6.0
33	Malta	5.8

Transparency International's Corruption Perceptions Index: October 2007



“Corruption always corrodes institutions, worsens poverty and inequality, and ultimately undermines faith in the rules and systems that are supposed to protect public interest. Thus a better basic definition of corruption would go something like this: Corruption is the abuse of public interest and the undermining of public confidence in the integrity of rules, systems and institutions that promote the public interest.”

Catching up with Corruption
Raymond Baker, John Christensen, & Nicholas Shaxson
The American Interest, Volume IV, No. 1, Autumn 2008

According to Konrad Hummler, a partner at Wegelin & Cie, tax evasion helps clients
“to partially escape the grasp of the administrators of a disastrous social welfare state and its fiscal policies. . . . These people must be protected”

quote taken from: Europe, US Battle Swiss Bank Secrecy
Der Spiegel, 20th March 2008

SPIEGEL ONLINE

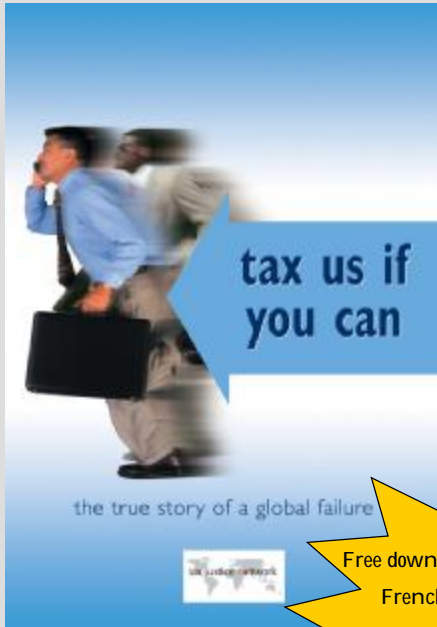
“

Tax evasion is a crime, it is serious, and it has to be countered. It is theft from the evader's fellow citizens, who have to pay more to provide public services. Tax havens that help evaders, and enjoy high levels of per capita income for their own small populations as a result, are parasitic.

”

Haven Evasion

Editorial Comment: 5th March 2008



more info: taxjustice.net
taxjustice.blogspot.com
taxresearch.org.uk/blog

contact: john@taxjustice.net

Free download – in German,
French, Spanish . . .