



FINANCIAL TRANSPARENCY COALITION

NEWSLETTER

April - June 2014

Highlights

- India creates task force to investigate offshore accounts
- UK government publishes its plan to end anonymous companies
- Coalition members participate in C20
- Registration for the FTC's annual conference is open
- New resources, articles, and blog posts

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POLICY UPDATES

G7 Reaffirms Commitment to Tackle Illicit Financial Flows

In its communiqué released on June 5th, the G7 stated that they "will continue to work to tackle tax evasion and illicit flows of finance, including by supporting developing countries to strengthen their tax base and help create stable and sustainable states." The communiqué also restated the G7's commitment to "ensuring that beneficial ownership information is available in a timely fashion to financial intelligence units, tax collection and law enforcement agencies, for example through central registries or other appropriate mechanisms." Unfortunately, the G7 stopped short in calling for these registers to be public. You can find the communiqué [here](#).

India Sets up Task Force to Investigate Offshore Accounts

The Indian government has set up a special investigation team to find illicit funds hidden in foreign jurisdictions by Indian citizens. Given that India lost \$343.9 billion to illicit outflows from

2002-2011 (according to GFI research), this is an important step for the government in obtaining needed tax revenue. You can find more information [here](#).

The Queen's Speech on Beneficial Ownership Transparency

One day before the G7 declaration, [the Queen gave a speech announcing](#) new legislation to "establish a public register of company beneficial ownership" in the United Kingdom. The Queen's speech also introduced the government's intention to "strengthen powers to seize the proceeds of crime." The speech called attention to the UK government's recently-published plan to end anonymous companies. You can find the plan [here](#).

UK Prime Minister Calls on Overseas Territories to Create Public Registries

UK Prime Minister David Cameron called on leaders of the UK's overseas territories and crown dependencies to create public registries that reveal the true owners or beneficiaries of the companies incorporated on their shores. You can find his letter [here](#).

EU-Africa Summit Reiterates Importance of Combating Illicit Financial Flows

The 4th EU-Africa Summit brought together more than 60 European Union and African leaders to discuss the future of EU-Africa relations. The declaration from the summit reiterated the importance of promoting transparency in the financial system. You can find the declaration [here](#).

EU Finance Ministers are Close to Agreeing on a Common 'AMLD' Position

EU Finance Ministers have agreed on a common position for revising the Anti-Money Laundering Directive (AMLD). This piece of legislation could be key in raising the standard for EU member states for disclosing beneficial ownership. Earlier in the year, a vast majority in the European Parliament agreed in a resolution that public, central registers of beneficial ownership of legal entities should become the norm throughout the EU. The Council of Finance Ministers does not seem to be quite there yet, but is at least considering measures to "ensure that the information (...) is held in a specified location, for example in the case of companies in a public and central company registry, or in data retrieval systems."

Is Switzerland Really Ready to Give up Its Banking Secrecy?

The Swiss Federal Council issued a statement on what it thinks the OECD's "new global standard for the automatic exchange of information in tax matters" should look like. The Swiss argue that "priority would be given to the introduction of the automatic exchange of information with countries with which there are close economic and political ties and which, if appropriate, provide their taxpayers with sufficient scope for regularization and which are

considered to be important and promising in terms of their market potential for Switzerland's finance industry." These conditions, if applied, would limit the ability of poorer nations to benefit from this international drive against large-scale tax evasion. You can read the Swiss Federal Council's statement [here](#).

Belgium Investigating UBS AG over Aiding Tax Evasion through Money Laundering

Belgian authorities are probing UBS AG, Switzerland's biggest bank, over allegations of UBS aiding clients with tax evasion, money laundering and organized crime. UBS employees allegedly approached wealthy Belgian taxpayers including chief executive officers and sportsmen over a 10-year period, encouraging them to open undeclared accounts in Switzerland. *M...Belgique* magazine reported the story, without saying where it got the information. UBS Belgium, the bank's local arm, helped to organize the transfer of large amounts of money to Switzerland, the magazine said. Read more about the allegations [here](#).

EVENTS

Registration Open! 2014 Annual Conference in Lima, Peru

Registration is now open for the FTC's annual conference, co-hosted by the Latin American Network on Debt, Development, and Rights (LATINDADD) on October 14-15. The conference brings together government officials, civil society organizations, journalists, and other experts to discuss a wide-range of issues related to illicit financial flows. You can find information on the agenda [here](#) and registering [here](#).

NETWORK NEWS

New and Returning Team Members

We recently welcomed FTC Manager Porter McConnell and FTC Coordinating Committee (CoCom) member Transparency International's Angela McClellan back from maternity leave. In April we welcomed Toby Quantrill to FTC CoCom member Christian Aid.

Coalition Participation in Civil Society 20 (C20)

Coalition members presented at the [C20 summit](#) in Australia in June. Pooja Rangaprasad from the Centre for Budget and Governance Accountability is the international co-chair of the [C20 Governance Group](#). She is joined by fellow coalition member Maggie Murphy, from Transparency International, who is one of the discussion leaders. The Governance Group position paper is available [here](#).

Global Partnership for Effective Development Co-operation

Savior Mwambwa of Coordinating Committee member Tax Justice Network - Africa attended the First High Level Meeting of the Global Partnership for Effective Development Co-

operation in Mexico. The final communiqué from the meeting is available [here](#).

Tax and Transparency Lough Erne Scorecard

The FTC teamed up with Christian Aid, Global Witness, and ActionAid UK to assess the G8's progress since the 2013 Lough Erne summit, where they issued strong commitments on financial transparency. The scorecard is available [here](#).

Consultations on Beneficial Ownership

The Coalition provided submissions to Jersey, Montserrat, and Turks and Caicos as part of consultations on beneficial ownership. The FTC advocates for the creation of public and accessible registers of information on the real, beneficial ownership of companies, foundations, and similar legal structures.

Consultations on the Automatic Exchange of Information

The Coalition also provided a submission to the Global Forum's public consultation on its automatic exchange of information framework. The FTC advocates for governments to commit to automatic exchange of tax information with other nations. You can find our submission [here](#).

RESOURCES

Spillovers in International Corporate Taxation

This International Monetary Fund policy paper looks at the effects that one country's tax rules and practices can have on others. It goes on to provide recommendations for better dealing with spillovers. You can find the paper [here](#).

FTSEcrecy: the Culture of Concealment throughout the FTSE

This report produced by Christian Aid and partially funded by the FTC shows that secrecy is not the exception but the norm, even among the biggest companies listed on the London Stock Exchange. This secrecy prevents investors, customers and government regulators from obtaining the information they need to make good decisions on these companies and limits the ability of governments to obtain needed tax revenue to fund vital public services. You can read the report [here](#).

RESOURCES

Offshore Shell Games 2014: The Use of Offshore Tax Havens by Fortune 500 Companies

This study by Citizens for Tax Justice and the US PIRG Education Fund examines the use of tax havens by Fortune 500 companies in 2013 and reveals that tax haven use is ubiquitous among America's largest companies. You can find the study [here](#).

A Post-2015 Fiscal Revolution: Human Rights Policy Brief

This briefing by the Center for Economic and Social Rights and Christian Aid provides recommendations on integrating human rights standards into the design of fiscal policy to ensure sustainable development. You can find the policy briefing [here](#).

Business Among Friends: Why Corporate Tax Dodgers are not yet Losing Sleep over Global Tax Reform

This report by Oxfam shows how big businesses, by escaping their tax liabilities, limit the ability of governments to tackle inequality. The report also looks at how tax rules are rigged in favor of MNCs and how the G20's current approach to tax reform is at risk for being overtaken by corporate interests and thus reducing its benefits for ordinary people. You can find the report [here](#).

Tax Justice Network App

The Tax Justice Network (TJN) has launched a free app that provides TJN's latest blogs, videos on tax justice, and daily news updates. You can access the app [here](#).

Taxcast

The Tax Justice Network's monthly podcast, Taxcast, provides the latest global news and expert analysis on tax havens and corruption. You can listen to it [here](#).

Hiding in Plain Sight: Trade Misinvoicing and the Impact of Revenue Loss in Ghana, Kenya, Mozambique, Tanzania, and Uganda: 2002-2011

This case study by Global Financial Integrity on the impact of trade misinvoicing in Ghana, Kenya, Mozambique, Tanzania, and Uganda found that the fraudulent over- and under-invoicing of trade is hampering economic growth and costing these governments billions of U.S. dollars in lost revenue. You can find the study [here](#).

Losing Out: Sierra Leone's Massive Revenue Losses from Tax Incentives

This report by Christian Aid is the first attempt in Sierra Leone to analyze the government's tax expenditure. The report finds that the government is losing a large amount of tax revenue due to its granting of tax incentives and exemptions. As a result, the government is spending far less than it could on the country's development needs. You can find the report [here](#).

Global Shell Games: Experiments in Transnational Relations, Crime, and Terrorism

For this book, the authors approached nearly 4,000 services in over 180 countries to determine just how easy it is to form an untraceable company. You can purchase the book [here](#).

RESOURCES

Fuga de Capitales III. Argentina (2002-2012): Magnitudes, Evolución, Políticas Públicas y Cuestiones Fiscales Relevantes

This report by the Economics and Finance Centre for Argentine Development (CEFID-AR) found that the total value of Argentines' offshore assets as a result of capital flight reached nearly US\$299 billion in 2012, up more than 250 percent from 1991. You can read the report, in Spanish, [here](#).

Africa Progress Report 2014

This report by the Africa Progress Panel examines progress in Africa on everything from education to infrastructure. Throughout the report, the impacts of illicit financial flows (IFFs) can be seen as the region loses US\$50 billion every year in illicit flows. You can find the report [here](#).

The Swiss Connection: The Role of Switzerland in Shell's Corporate Structure and Tax Planning

This report by Eurodad member SOMO and Friends of the Earth Europe examines the role of Switzerland in Shell's tax planning. The report concludes that Shell uses Switzerland mainly for "tax planning purposes" and that Shell's presence in Switzerland potentially allows the company to avoid paying a significant amount of taxes where its actual economic activities take place, including in developing countries. You can find the report [here](#).

BEPS Monitoring Group Submission to OECD on Transfer Pricing Data and Developing Countries

This BEPS Monitoring Group submission responds to the 11th March 2014 OECD [paper](#) on transfer pricing comparability data and developing countries. The BEPS Monitoring Group submission provides numerous recommendations, including anticipating reforms that are likely to result from initiatives to combat BEPS and establishing methods that are clear, transparent and easy to administer. You can read the submission [here](#).

SELECTED PRESS HITS

openDemocracy – [The EU needs better anti-money laundering rules](#)

Looking at the EU's current anti-money laundering policies and related financial investigations, **Financial Transparency Coalition** European Union Lead Advocate Koen Roovers discusses the inadequacy of the EU's standing legislation and the importance of revealing those behind shady legal entities in halting money laundering. Public disclosure of beneficial ownership, he suggests, is key to achieving financial transparency.

The Africa Report – [EU-Africa Summit: The sore case of illicit Financial Flows](#)

In this Op-Ed, **Financial Transparency Coalition** New Media & Press Coordinator Christian Freymeyer explains why April's EU-Africa summit was a pivotal moment for the two regions to address the growing problem of illicit financial flows, which rob African nations of billions of dollars in tax revenue.

Khaleej Times – [The tax dodgers](#)

In an article focusing on the billions of dollars lost every year to illicit financial flows and tax havens, the *Khaleej Times* references **Christian Aid** statistics to indicate the magnitude of the international tax-dodging schemes.

Malta Today – [Malta opposing EU law attacking tax shopping](#)

The article quotes Tove Maria Ryding, tax coordinator at **Eurodad**, in an article discussing the European Tax Commissioner's criticism of Malta, Ireland, Cyprus, Luxembourg, and The Netherlands for short-sighted tax schemes to attract multinationals.

Devex – [Want sustainable development? Mobilize domestic resources, curtail illicit capital flows](#)

In this Op-Ed, **Global Financial Integrity's** (GFI) Raymond Baker discusses GFI's new report on the impact of trade misinvoicing in five African countries and notes that any sustainable approach to global development requires mobilizing domestic resources via tackling trade misinvoicing and illicit financial flows.

The Guardian – [GlencoreXstrata faces questions over deals made with friend of DRC leader](#)

The Guardian cites a **Global Witness** report regarding the Israeli billionaire Dan Gertler's business dealings in the Democratic Republic of the Congo (DRC). Gertler, an Israeli billionaire and friend of DRC president Joseph Kabila, funneled profits through offshore firms, according to the report.

Computer World – [EU starts in-depth probe into Apple's tax affairs](#)

In an article covering the European Commission's investigation of Apple's corporate tax affairs, *Computer World* quoted Markus Meinzer, senior analyst at the **Tax Justice Network**, explaining how multinational corporations use a lack of financial transparency to dodge income taxes through offshore subsidiaries in tax havens.

Zambia Daily Mail – [Zambia can recover \\$700m in 2yrs](#)

Quoting **Tax Justice Network** – Africa's Savior Mwambwa, the article explains how illicit financial flows leaving Zambia are severely undermining the country as it develops.

Deutsche Welle – [Transparency International launches campaign against secret companies](#)

The German news network dedicated an article to **Transparency International's** new anti-corruption initiative aimed at hidden company ownership and the misuse of corporate entities.

SELECTED BLOG POSTS

[When You Want Secrecy, All You Need is a Shell Company](#) by: Christian Freymeyer

Investigations showed that the U.S. Agency for International Development (USAID) created a "Twitter-like" messaging service in Cuba. To keep it under wraps, the US agency used shell companies to keep Washington's ties hidden.

[Africa's Illicit Flow Problem in Three Charts](#) by: EJ Fagan

A look at how, due to illicit financial flows, Africa is actually a net creditor to the world. While many in the West think that billions in aid are going to Africa, more is usually being taken away via illicit financial flows.

[Credit Suisse, The US Department of Justice, and the Rest of the World](#) by: Koen Roovers

The US Department of Justice reached a \$2.6 billion settlement with Credit Suisse, the Swiss bank that plead guilty to aiding Americans in tax evasion. But what does that mean for the 55 other countries that Credit Suisse operates in, which might not have the power and political might of the US.

[Fighting Trade Mispricing and Capitalizing on Oil and Gas in Kenya, Uganda, and Tanzania](#) by: Ann Hollingshead

New research from FTC member Global Financial Integrity aimed to estimate how much in revenue five African countries are losing to trade misinvoicing. What can be done to address the lost revenue, especially in east Africa's booming oil, mining, and gas industries?

UPCOMING

BRICS Summit

The 6th Summit of Heads of State and of Government of BRICS will be held July 14th – 16th. The summit will emphasize social inclusion and sustainable development. You can find more information about the summit [here](#). In the lead up to this summit, the FTC prepared a submission urging BRICS leaders to address illicit financial flows through a variety of avenues. You can find our submission [here](#).

Illicit Financial Flows in Brazil: A Hidden Resource for Improving Prosperity and Economic Stability

GFI and MINDS are holding a day-long conference in Rio de Janeiro, Brazil on August 6th that will include discussions and keynote remarks on the nature of Brazil's illicit financial flows, and how and why curtailing these flows should be a priority for Brazil's next government. You can find more information [here](#).

Ending Impunity: People. Integrity. Action

The International Anti-Corruption Conference (IACC) brings together 2,000 participants from over 130 countries and all sectors of society meet and set the agenda for the future of the fight to end corruption. The conference is taking place in Tunis, Tunisia on October 21st – 24th. Participants are invited from across the board to join the conference and to engage with the team [online](#), on [Twitter](#), on [Facebook](#) and via the conference [newsletter](#) ahead of the conference. Registration opens in July.

QUESTIONS OR COMMENTS?

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