



FINANCIAL TRANSPARENCY COALITION

NEWSLETTER

October - December 2014

Highlights

- Leaders discuss financial transparency at G20 Summit
- Kenya to end tax breaks for foreign firms
- New EU Anti-Money Laundering rules on the way
- FTC conference in Lima, Peru a success
- New resources, articles, and blog posts

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EU Negotiators Agree on New Anti-Money Laundering Rules

After months of deliberations, the European Council and European Parliament have reached a compromise on the 4th European Anti-Money Laundering Directive. The deal would create national-level registers to collect information on the beneficial owners of companies incorporated in EU nations. The registers increase transparency and help expose criminals who use anonymous shell companies for crimes, including tax evasion, corruption and money laundering. Learn more [here](#).

“Luxembourg Leaks” Prompt Action on Multinational Tax Avoidance

The International Consortium of Investigative Journalists (ICIJ) released confidential tax arrangement documents of more than 340 multinational companies, including Coca Cola, Amazon, Ikea, Disney, and Koch Industries. The leaks detail special tax rulings between the European duchy and firms seeking low tax status, allowing some firms to pay an effective global tax rate of less than 1%. Find more information [here](#).

World Leaders Discuss Financial Transparency at Brisbane G20 Summit

Heads of state from around the globe gathered in Brisbane, Australia for the G20 Summit in November and tax dodging, financial transparency, and corruption were high on the agenda. G20 leaders endorsed an OECD action plan on the automatic exchange of tax information between countries and another aimed at curtailing profit shifting by multinational corporations. In their final communique, G20 leaders also recognized the importance of collecting information on the real, beneficial owners of companies, to help end the abuse of shell companies. Unfortunately, they stopped short of calling for this information to be made public. You can find out more [here](#).

Kenya to End Tax Holidays for Foreign Firms

Kenya’s national government plans to retire many of the tax incentives enjoyed by foreign firms. With the incentives costing the Kenyan economy Sh100 billion (US\$ 1.1 billion) annually, the government determined that the incentives are unsustainable and ultimately hurt the local economy. Find more information [here](#).

Danish Government Announces its Support for Public Registers

The Danish government announced its support for public registers of beneficial ownership information for all Danish companies in an effort to crackdown on one of the biggest tools for laundering the proceeds of crime, corruption, and tax evasion. Read more [here](#).

UN Secretary-General Supports Creation of an Intergovernmental UN Tax Body

The UN Secretary-General's synthesis report on the post-2015 development process recognizes the need to address illicit flows and calls for the establishment of an intergovernmental committee on tax cooperation under the auspices of the UN. Read the full report [here](#).

EU Commission Releases Report in Favor of Public Country by Country Reporting for Banks

This report, the result of a public consultation between the EU Commission and PriceWaterhouseCoopers, finds that banks' publishing country by country information is not expected to have significant negative economic impact, in particular on competitiveness, investment, credit availability or the stability of the financial system. Find the report [here](#).

OECD Workshop with Developing Countries on BEPS Project

The OECD held a workshop for 14 developing country tax officials to plan enhanced engagement with the Base Erosion and Profit Shifting (BEPS) project. Participants agreed on the pressing need to reform the international tax rules as soon as possible and considered how to most effectively participate in the upcoming meetings, as well as the support required to ensure effective implementation of the BEPS measures. Find more [here](#).

EU Finance Ministers Agree on Measures Against Tax Avoidance

European Union (EU) finance ministers agreed on two taxation measures aimed at combating corporate tax avoidance and aggressive tax planning. The finance ministers have given their political backing to the anti-abuse clause of the Parent Subsidiary Directive and to the mandatory exchange of information between EU tax authorities. Find the press release [here](#).

Low-Income Countries Call for Fair Share of Global Tax Revenues

Finance ministers from low-income countries spoke out at a press event ahead of the World Bank and International Monetary Fund annual meetings and called for a more fundamental reform of the international tax system in order to get their fair share of global tax revenues and have a greater role in the development financing process. Find the press release [here](#).

Open Letter to the G20 from the B Team Calling for Crackdown on Anonymous Shell Companies

In this open letter to the G20, members of the B Team, a group of billionaires and millionaires including Mo Ibrahim and Richard Branson, support action to expose the corporate shell game. The B Team argues that a level playing field free from corruption is good for business and the world. Find the letter [here](#).

UK Releases Country by Country Reporting Information Sheet

The UK government released an information sheet that describes its intention to bring country by country reporting to multinational enterprises with a parent company in the UK. The measure will provide the government with information it needs to investigate multinational companies' global activities, profits, and taxes. Find the information sheet [here](#).

NETWORK NEWS

FTC Named to EC Expert Group on AIE

The FTC was named to the European Commission Expert Group on the Automatic Exchange of Financial Account Information. This group will provide advice that will help ensure that EU legislation on automatic exchange of information in direct taxation is effectively aligned and fully compatible with the OECD Global Standard on automatic exchange of financial account information. Find more information [here](#).

FTC Members Named in International Tax Review's Top 50 Most Influential Organizations of 2014

FTC coordinating committee members, Tax Justice Network and Eurodad were named among International Tax Reviews' 50 most influential organizations of 2014 due to their impact on international tax policy. This list is a who's who of the global tax world and also includes influencers from government, business, and NGO sectors. Learn more [here](#).

FTC Team Updates

The FTC held annual elections for our Executive Committee this fall. The Executive Committee is now chaired by Alvin Mosioma (Tax Justice Network – Africa), and Vice-Chaired by Heather Lowe (Global Financial Integrity) and Robert Palmer (Global Witness). We also recently welcomed Lissette Miller, the FTC's new Outreach Coordinator, and Carlos Bedoya, who has taken over from Oriana Suarez as Coordinator of Latindadd, to the team.

FTC Annual Conference Widens Network

The FTC held its annual conference in Lima, Peru in October. The event was attended by over 120 people from 27 different countries. The network formed during this event has already brought additional press coverage of our issues in Latin

America and enhanced collaboration between network members. Find out more about the conference [here](#).

FTC Signs onto Statement Linking Illicit Capital Flows and Gender Justice

The FTC, following our annual conference, signed onto the Dawn Network's statement that links illicit flows and tax policies with gender justice. Find the statement [here](#).

FTC Chair and 24 Others Write Open Letter to the G20 on Anonymous Companies

FTC Chair Alvin Mosioma and 24 others, including the heads of five other FTC member organizations, wrote this open letter urging leaders of the G20 to address anonymous companies at the G20 summit in Brisbane. Find the letter [here](#).

Financial Transparency: Smart for Business, Smart for Development

The FTC placed this piece in *The Australia Summit: Brisbane* by the G20 Research Group. In it, we highlight the benefits to business of increased disclosure, including facilitating better investments. Find the piece (page 61) [here](#).

FTC Country by Country Reporting Event

The FTC held a day-long event in Brussels titled *Banking Transparency: Managing Risks, Maximizing Opportunities*. Speakers included members of European Parliament, representatives of the business community, and global tax experts. The event discussed the benefits of transparency and how to make a disclosure regime work.

FTC Submission to EU Commission on the Directive on Administrative Cooperation (DAC2)

FTC Members of the expert group on automatic exchange of financial information submitted an advisory report to the European Commission on aligning DAC 2 legislation with the OECD's new

Common Reporting Standard. The submission highlights that replacing the EU Savings Tax Directive with the DAC 2 encourages a single global automatic exchange of information system based on improved coordination and transparency. Find the full report [here](#).

FTC Submission to UN Tax Committee on Automatic Exchange of Information

Ahead of a Global Forum meeting in Berlin, the FTC submitted a letter to the

Group of Early Adopters, UN Tax Committee and Global Forum Secretariat on a proposed pilot agreement with the possibility of non-reciprocity of information exchange, as well as an initiative to negotiate a Multilateral Competent Authority Agreement. The submission to the UN Tax Committee was acknowledged and uploaded on their website that week as the only civil society submission on the issue. Find the submission [here](#).

RESOURCES

Illicit Financial Flows from Developing Countries: 2003-2012

Global Financial Integrity's 2014 annual global update on illicit financial flows finds that a record US\$991.2 billion in illicit capital flowed out of developing and emerging economies in 2012—facilitating crime, corruption, and tax evasion. Find the full report [here](#).

Transparency in Corporate Reporting: Assessing the World's Largest Companies 2014

This Transparency International report, supported by the FTC, evaluates the transparency of corporate reporting by the world's 124 largest publicly listed companies. The report assesses the disclosure practices of companies with respect to their anti-corruption programs, company holdings and key financial information on a country by country basis. Find the report [here](#).

The Great Ripoff Case Map and Video

Global Witness, supported by the FTC, released two multi-media products to accompany their recent report the [Great Rip-Off](#). The interactive map showcases over 50 instances of anonymous companies used in all manner of corrupt and criminal activities while the video briefly highlights the impact of anonymous companies on one case. Find the map [here](#) and the video [here](#).

Hidden Profits: The EU's Role in Supporting an Unjust Global Tax System 2014

This Eurodad report compares 15 EU member countries' performance on combatting tax dodging and ensuring financial transparency. The report finds that few surveyed nations have implemented measures to curb the tax abuses that have cost both developed and developing billions of dollars in lost revenues. Find the report [here](#).

Going Offshore: How Development Finance Institutions Support Companies Using the World's Most Secretive Financial Centres

This Eurodad report chronicles how government-controlled Development Finance Institutions (DFIs) often support private sector projects that are routed through tax havens, using scarce public money. By supporting projects in this way, DFIs help reinforce the offshore industry by providing income and legitimacy. Find the report [here](#).

RESOURCES

The State of Finance for Developing Countries, 2014: An Assessment of the Scale of All Sources of Finance Available to Developing Countries

This report from Eurodad examines the various sources of finance available to developing countries and finds that for every \$1 developing countries have earned since 2008, they have lost more than \$2. Cash flowing out of poor countries due to illegal activities, debt, lost profits and loans is more than they receive through aid, investment and remittances averaging a resource loss worth over 10% of GDP. Find the report [here](#).

"The End of Bank Secrecy"? Bridging the Gap to Effective Automatic Information Exchange

In this preliminary report, Tax Justice Network evaluates the OECD's Common Reporting Standard as a global standard of Automatic Exchange of Tax Information (AIE). Although many loopholes need to be fixed, this AIE framework represents a significant breakthrough in cracking down on illicit flows. Find the report [here](#).

UN Financing for Development Negotiations: What Outcomes Should be Agreed in Addis Ababa in 2015?

This paper initiated by Afrodad, Eurodad, Jubilee South Asia Pacific Movement on Debt and Development, Latindadd and Third World Network, and endorsed by 137 Civil Society Organizations, outlines policy recommendations for the financing for development process. Key recommendations include improving domestic resource mobilization, strengthening monetary reform, increasing overseas development assistance and foreign direct investment, and improving the state of international trade to achieve more sustainable development. Find the paper [here](#).

FATF Guidance: Transparency and Beneficial Ownership

This guidance document from the Financial Action Task Force (FATF) seeks to help countries in designing and implementing measures that will deter and prevent the misuse of corporate vehicles for illicit purposes. Find the full document [here](#).

Reality of Aid 2014 Global Report: Rethinking Partnerships in a Post-2015 World: Towards Equitable, Inclusive and Sustainable Development

This report by IBON International examines principles and practice for inclusive partnership at the global and national levels, new (and existing) models of partnering for positive development outcomes for the poor, and preconditions for equitable partnerships that contribute to sustainable development outcomes for the poor. The impact of tax systems can be seen throughout the report. Find the report [here](#).

Don't Turn the Clock Back: Analysing the Risks of the Lending Boom to Impoverished Countries

Eurodad member Jubilee Debt Campaign published this report that analyzes the risk of debt payments undermining the ability of governments to meet basic needs and public services. It provides six recommendations to the UK government to make lending more responsible and create better ways of dealing with debt crises. One of these recommendations is to introduce policies to support developing countries in increasing their tax revenues, including by preventing the loss of revenue through tax avoidance and evasion. Find the report [here](#).

RESOURCES

Transparency International's Corruption Perceptions Index 2014

Transparency International's Corruption Perceptions Index measures the perceived levels of public sector corruption worldwide. This year's report finds that no country gets a perfect score, and more than two-thirds score below 50, on a scale from 0 (highly corrupt) to 100 (very clean). Find the report [here](#).

Tax and Development: A Scoping Study of Funding Opportunities

This report by the Transparency & Accountability Initiative (T/AI) examines opportunities for transformative policy work among tax-focused non-governmental organizations. The report highlights the need for an expanded funding base to better inform policymakers interested in strengthening tax systems. Find the report [here](#).

Tax – a Corporate Responsibility Priority

This report by Eurodad member, [IBIS](#), analyses both the theory and practice of tax as a growing priority on the corporate social responsibility agenda. The report finds that increasingly corporations and investors are being asked to be more transparent about their tax planning strategies and policies. Find the full report [here](#).

ONE's 2014 DATA Report: Fighting Poverty and Financing Africa's Future

This report by the ONE Campaign provides the latest updates on aid spending globally and in sub-Saharan Africa, examines the composition and targeting of aid and rules for measuring ODA loans, profiles progress by the G7, the European Union and Australia, and assesses whether African countries are meeting their own budget promises and prioritizing spending on health, agriculture and education. The importance of transparency and tax systems can be seen throughout the report. Find the report [here](#).

Tax Justice Network App

Tax Justice Network's (TJN) free app provides TJN's latest blogs, videos on tax justice, and daily news updates. 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. Listen to it [here](#).

OECD Foreign Bribery Report: An Analysis of the Crime of Bribery of Foreign Public Officials

This report by the OECD measures and describes transnational corruption based on data from the 427 foreign bribery cases that have been concluded since the entry into force of the OECD Anti-Bribery Convention in 1999. You can find the full report [here](#).

RESOURCES

Exporting Corruption Report 2014: Assessing Implementation of the OECD Anti-Bribery Convention

In this report, Transparency International evaluates the enforcement status of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions across the 41 current signatories. This tenth annual progress report finds that over half of the countries part of the convention have little or no enforcement in place, undermining the fundamental goal of creating a corruption-free level playing field for global trade. Find the report [here](#).

Even It Up: Time to End Extreme Inequality

This report by Oxfam presents new evidence that the gap between the rich and poor is increasing and undermining poverty eradication. Oxfam finds that just 85 people own as much wealth as the poorest half of the world. The report also examines the causes of the inequality crisis and various potential solutions. Find the report [here](#).

BEPS Monitoring Group's OECD BEPS Scorecard

The BEPS Monitoring Group - a group of international tax justice campaigners and researchers - has published a report evaluating the progress made in the first year of the OECD's Base Erosion and Profit Shifting (BEPS) process. The study finds that while progress has been made, many obstacles and fundamental problems remain to curb multinational tax avoidance. Find the full scorecard [here](#).

Who Pays for Our Common Wealth? Tax Practices of the ASX 200

This Tax Justice Network-Australia report focuses on a specific aspect of government revenue – corporate income tax – and in particular on the tax practices of Australia's 200 largest ASX-listed companies. The report finds that these companies pay on average an effective tax rate of 23% compared to the current 30% statutory rate causing a loss of government revenue estimated at \$8.4 billion annually. Find the full report [here](#).

Trillion Dollar Scandal video: The Biggest Heist You Never Heard Of

The ONE campaign launched a video featuring actor Colin Farrell that explains the problem of anonymous companies, and then calls on G20 leaders to take action to address the issue. Find the video [here](#).

SELECTED PRESS HITS

The Economist — [Corporate Transparency: The Openness Revolution](#)

The Economist explores the corporate transparency movement including beneficial ownership transparency, tax transparency, country-by-country reporting, and transparency in the extractives industries. This article quotes

This article quotes Raymond Baker of **Global Financial Integrity** on the importance of clearer financial reporting and highlights the work of **Global Witness** and **Transparency International** as examples of the growing sophistication of non-governmental organizations in addressing financial transparency.

EurActiv — [ECOFIN and the AMLD Review](#)

In this Op-Ed, **Financial Transparency Coalition's** European Union Lead advocate Koen Roovers outlines a review of the European Anti-Money Laundering Directive (AMLD) and details the importance of transparency.

Vice — [The Law Firm That Works with Oligarchs, Money Launderers, and Dictators](#)

In this article, Ken Silverstein examines an infamous law firm that is believed to have acted as a shell company incorporator for dangerous and corrupt politicians, allowing them to launder illicit funds throughout the offshore financial system. Silverstein consulted **Global Financial Integrity's** Heather Lowe about the attractiveness of setting up an anonymous company in the U.S.

Voice of America — [Corruption Fighters Want More From World's Strongest Nations](#)

In this article following the 2014 G20 Leaders Summit, anti-corruption and money laundering fighters express disappointment at a lost opportunity to help fix the financial system and address systemic corruption problems. Although leaders in Brisbane adopted the G20 High Level Principles on Beneficial Ownership Transparency, this information will still not be made publically available. This is concerning as **Transparency International's** Maggie Murphy explains, "We still maintain that the most efficient and effective way to share this crucial information is through public registers in all G20 countries."

TeleSur—[Study Shows \\$910m Illegally Leaves Peru Every Year](#)

This article cites the work of the **Latin American Debt, Development, and Rights Network** (Latindadd) on addressing illicit financial flows. Illicit flows account for US\$9.1 billion that left Peru in the decade between 2002 and 2011 due

to corruption, money laundering and tax evasion, among other illegal activities.

EurActiv — [EU Tax Treaties Draining Developing Countries](#)

This article explains how developing countries are missing out on billions of much needed-revenue as a result of the tax rate pacts, and other methods by highlighting the **European Network on Debt and Development's** (Eurodad) recent report "Hidden Profits: The EU's Role in Supporting an Unjust Global Tax System 2014". The article quotes Eurodad's Tove Ryding as saying "Corporations continue to dodge taxes in Europe as well as in the world's poorest countries, where income from corporate taxation is desperately needed."

CNBC Africa — [Kenya Plans to End Tax Incentives on Foreign Firms](#)

This CNBC Africa interview with **Tax Justice Network-Africa** Executive Director and FTC Chair Alvin Mosioma looks at the Kenyan government's decision to end lucrative tax incentives for foreign multinational firms.

Chatham House — [Corporate tax cuts don't work](#)

In this article, **Tax Justice Network** Executive Director John Christensen and *Treasure Islands* author Nicholas Shaxson critique the current state of corporate tax regimes and argue that tax cuts are ineffective economic measures. The article contends that tax cuts create few jobs and attract fleeting foreign investment, contributing to a race to the bottom in corporate taxation rates that constitutes a form of "tax wars".

Newsweek — [Little Room for Manoeuvre for Osborne in Crackdown on UK Tax Loopholes for Tech Giants](#)

This article discusses Britain's Chancellor of the Exchequer George Osborne's plans to crackdown on tax loopholes which are currently being

exploited by tech giants in the UK. A poll by **Christian Aid** is cited, revealing that while 85% of people believe it's morally wrong for large companies to avoid tax, just 20% think that political parties have done enough to combat the issue.

The East African — [Involve developing nations to plug tax leaks by global firms, G20 told](#)

This article examines the advocacy goals of tax policy campaigners in the lead up to the 2014 G20 Summit in Brisbane. Citing the Financial Transparency Coalition and Tax Justice Network, activists argue that developing countries lose out the most due to global tax avoidance by multinationals yet are not included in the efforts to reform the system.

HuffingtonPost — [56 Reasons Anonymous Company Ownership Is the Biggest Problem You've Never Heard Of](#)

This article by **Global Witness's** Rosie Sharpe provides an overview of Global Witness's work on its Great Rip-Off report, interactive map, and video.

SELECTED BLOG POSTS

[Transparency and Post-2015 Sustainable Development Goals](#) By: Ann Hollingshead

Ann writes on the importance of transparency in the post-2015 agenda process and the role of domestic resource mobilization in development as the Millennium Development Goal era comes to a close.

[Finding the Money: How Capping Illicit Flows can Spur Development](#) By: Alec Simpson

Alec discusses how curbing illicit financial flows is essential to creating a sustainable development agenda. He reviews statements made by global leaders during the 2014 Annual World Bank/IMF meetings.

[Not an End to Secrecy, but a First Step in the Right Direction](#) By: Christian Freymeyer

Christian examines the new multilateral tax information exchange standard designed to curb tax evasion crafted by the OECD. He highlights that the reforms have dubious effectiveness as the new agreement fails to include many developing countries and is full of unresolved loopholes giving rich individuals opportunities to avoid reporting income tax information.

[Feeding The 1%: New Report Exposes the Disturbing World of Agricultural Investors, Financial Secrecy and Land Grabs](#) By: Naomi Fowler

Naomi analyzes a report by campaign group GRAIN which finds that agricultural investors are increasingly involved in dubious land deals and kickback schemes that undermine food production in developing countries.

[Countdown to Lima Conference: Tackling Some of the Biggest Problems in the Americas](#) By: Max Heywood

Max previews some of the issues on the agenda at the FTC's annual 2014 conference in Lima, Peru. He explains the links between citizen security, organized crime, corruption and money-laundering; looks at how these issues are connected; and provides thoughts on how to improve the coordination of responses to them.

UPCOMING

5th Illicit Finance Journalism Programme Course

The Tax Justice Network and the Centre of Investigative Journalism will hold the 5th Illicit Finance Journalism Programme training course in May 2015. This course offers journalists training in uncovering illicit finance, financial secrecy, and asset recovery. You can find more information [here](#).

Conference: Tax Justice to Promote Social Justice, Research on Taxes for Development

The Global Alliance for Tax Justice (GATJ) and the European Association of Development Research and Training Institutes (EADI) are hosting a conference to build closer cooperation between professional researchers and tax justice activists. Hosted by the University of Vienna on February 24, 2015, the conference will focus on the role of transparency and tax justice as a path to improved development. You can find more information [here](#).

Women and Tax Justice at Beijing+20: Taxing and Budgeting for Sex Equality

Women for Tax Justice and Fem Tax International will be hosting an International Women's Day Conference on identifying the tax and spending laws that are undermining sex equality, and on ensuring that governments develop sex-equal tax and budget policies that will raise the revenues needed to meet their platform and other human rights obligations. The conference will be held at Queen's University in Kingston, Ontario March 6-7, 2015. You can find more information [here](#).

Research workshop: 'Should Nation States Compete?'

The 2015 research workshop co-organized by the Association for Accountancy & Business Affairs, City University London, and Tax Justice Network, will explore the notion of national 'competitiveness,' including the theme of tax competition between nations. The workshop will be held at City University, London June 25-26, 2015. You can learn more and offer submissions [here](#).

Dirty Money Play

The Bush Theatre in London is holding a play titled Islands from January 15 – February 15. The play is a black comedy about tax havens, enormous greed, and the few who have it all. You can find out more [here](#).

QUESTIONS OR COMMENTS?

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