



**ActionAid** supporters join the Put People First march in advance of the London G20 summit, calling for tax haven transparency.

PHOTO: KRISTIAN BUUS/ACTIONAID

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# What next?

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Tax cooperation after the London G20 summit

## Summary

International tax evasion and avoidance result in large losses to developing country governments, at a time when they already face a lack of public revenue. One of the reforms needed to allow these losses to be recouped is greater exchange of information between tax authorities in different countries.

The outcome of the London G20 summit in April 2009 was the renewal of more than a decade's work by rich nations to tackle the problem of international tax cooperation, with a welcome recognition that developing countries need to benefit from this work too. The summit's most high profile outcome in this area was the creation of black, grey and white lists of states, assessed in terms of their level of tax cooperation. As criteria, the lists (backed by the threat of sanctions) use the number of bilateral information exchange agreements (based on Organisation for Economic Cooperation and Development<sup>1</sup> (OECD) standards) that states have signed.

But this will not in itself help developing countries. They do not have bilateral agreements with tax havens, and OECD information exchange standards set the burden of proof required to make a successful information request too high.

The G20 also committed to developing proposals, by the end of 2009, which could benefit developing countries. ActionAid believes that these proposals should include a system of tax information exchange that is:

- **automatic**, not 'on demand'
- based on **multilateral**, not bilateral, arrangements

- **global** in scope, including all jurisdictions
- **enforced**, by progressively raising the white and blacklisting standards with a view to making participation in the system an eventual criterion.

## Tax and development: why it matters

In 2000, the United Nations Millennium summit – the largest ever gathering of heads of state – committed the world to meeting a number of poverty reduction goals by 2015. These included universal primary education, halving extreme poverty and halting the spread of HIV and AIDS. Economist Jeffrey Sachs led research for the UN that made an estimate of the cost of meeting these goals. The research concluded that by 2015, developing countries would need US\$189 billion a year in external assistance to deliver the public services required to meet the goals.<sup>2</sup>

The total for overseas development assistance estimated by the OECD in 2008 was US\$120 billion – US\$70 billion short of the 2015 goal.<sup>3</sup> The financial crisis and recession will further increase this deficit. ActionAid estimates that Africa alone will have lost some US\$49 billion of external revenue by the end of 2009, including falls in overseas aid, export earnings, remittances, foreign direct investment and other sources of external income.<sup>4</sup>

Yet the irony is that developing countries are unable to access one source of domestic income that could fill this funding gap. Illicit capital flight – the illegal outflow of money – from developing countries was estimated to amount to US\$859 billion (US\$1.06 trillion) in 2006, according to research from the Global Financial Integrity Programme (GFIP) of the Washington-based Centre for Policy

Studies.<sup>5</sup> One of the main reasons that capital leaves a country illegally is to escape the taxes levied on it, for example corporate or individual income tax. So a portion of that total capital flight figure is public revenue lost by developing country governments.

OECD Secretary General Angel Gurría has written:

**“Developing countries are estimated to lose to tax havens almost three times what they get from developed countries in aid. If taxes on assets hidden by tax dodgers were collected in their owners' jurisdictions, billions of dollars could become available for financing development.”<sup>6</sup>**

Tax evasion and avoidance by multinational companies are significant contributors to capital flight. They take place through processes such as:

- **transfer mispricing:** where prices of goods and services traded between companies in the same group are manipulated to alter the profitability of different subsidiaries. The effect is to shift profits from higher tax jurisdictions to low-tax ones.
- **double invoicing:** the fraudulent use of false documentation to under- or over-report exports and imports.
- **re-invoicing:** where goods are routed through an intermediate, low-tax jurisdiction, in which mark-up is added (usually the routing is only on paper, and the goods never pass through the intermediate jurisdiction).
- **location of intangible assets:** assets

such as trademarks, patents and management expertise are located in low-tax jurisdictions, then a high royalty is paid by subsidiaries.

Of the GFIP figure above, some US\$454 billion was estimated to be capital flight through transfer mispricing by multinationals. Christian Aid has estimated that the tax revenues lost as a result of capital flight from developing countries just through transfer mispricing and double invoicing are around US\$160 billion per year.<sup>7</sup>

To stem this capital flight, three institutional failings must be addressed:

- lack of capacity in developing country tax authorities
- lack of transparency in financial reporting standards
- lack of information exchange with developing country tax authorities.

This paper focuses on the third of these institutional failings, since it relates most closely to the G20 outcome. With limited resources, tax authorities in developing countries need more information to track down and tackle cases of tax evasion by multinational companies. Some of that information, such as the ownership, income and taxes paid by different parts of a multinational company, is held by tax authorities in other countries. As we discuss later in this paper, it is currently nearly impossible for developing country tax authorities to get hold of this information, either because information exchange agreements with other countries do not exist, or because they are too hard to use. This is one reason why the OECD and G20's

work on tax cooperation over the past ten years has not delivered for developing countries. As South African finance minister Trevor Manuel said in January 2008:

“Smaller, poorer countries with tax administrations that are less sophisticated cannot be expected to develop the expertise required to unravel the complex structures that multinationals and other large companies put in place to minimise tax.

The OECD has led the way in fostering partnerships between nations in response to many of these global public goods issues. These partnerships must be applauded but they must be extended to poorer countries who are often the victims of organised efforts to undermine their tax bases.

It is a contradiction to support increased development assistance, yet turn a blind eye to actions by multinationals and others that undermine the tax base of a developing country.”<sup>8</sup>

The high profile blacklisting approach adopted at the London G20 summit is designed to further the interests of developed countries, and will not on its own benefit developing countries. There are, however, elements of the G20’s decisions that could provide the foundations for an approach that works for developing countries. It all depends what happens next.

## Tax injustice: the story so far

### ▶▶ 1996: The OECD begins work on harmful tax practices

The most recent chapter in the history of international tax cooperation begins in 1996, at the G7 heads of state summit in Lyon, and the ministerial meeting of the OECD. The G7 noted that “globalisation is creating new challenges in the field of tax policy”, and mandated the OECD’s Committee on Fiscal Affairs to “vigorously pursue its work in this field, aimed at establishing a multilateral approach under which countries could operate individually and collectively to limit the extent of these [harmful] practices”.<sup>9</sup>

#### Definitions

**Tax haven:** “Countries that are able to finance their public services with no or nominal income taxes and that offer themselves as places to be used by non-residents to escape tax in their country of residence.” These countries are “unlikely to co-operate in curbing harmful tax competition”.  
(Source: OECD)

#### **Offshore financial centre (OFC):**

“A centre where the bulk of financial sector activity is offshore on both sides of the balance sheet, (that is the counterparties of the majority of financial institutions liabilities and assets are non-residents), where the transactions are initiated elsewhere, and where the majority of the institutions involved are controlled by non-residents.” (Source: IMF)

The landmark contribution of the resulting OECD report, *Harmful tax competition: an emerging global issue* in 1998 was to provide an objective set of criteria for defining a state as a tax haven. In 2000, the OECD produced a list of 35 states, saying that it intended “to extend and to take forward co-operatively the dialogue with [these] jurisdictions that meet the tax haven criteria”.<sup>10</sup>

By 2002, many states had committed to implementing the OECD’s standards, and so the original list was then divided into states that “have made commitments to implement transparency and effective exchange of information and therefore are not considered to be uncooperative jurisdictions,” and seven “uncooperative jurisdictions” also referred to as “uncooperative tax havens”.<sup>11</sup> By 2008, the uncooperative group included only Andorra, Liechtenstein and Monaco.<sup>12</sup>

▶▶ **2002: the Monterrey Consensus**

Arising from a UN conference of heads of state held in Mexico, the Monterrey Consensus on Financing for Development set a global agenda for meeting the funding gap faced by developing country governments. It included recognition that “an effective, efficient, transparent and accountable system for mobilizing public resources and managing their use by governments is essential”.<sup>13</sup> Among the actions it ‘encouraged’ was to “strengthen international tax cooperation, through enhanced dialogue among national tax authorities and greater coordination of the work of the concerned multilateral bodies and relevant regional organizations,

giving special attention to the needs of developing countries and countries with economies in transition.”

In 2008, a follow-up summit to review progress in implementing the consensus was held in Doha. The Doha communiqué reiterated the need for action on tax, stating that:

“While each country is responsible for its tax system, it is important to support national efforts in these areas by strengthening technical assistance and enhancing international cooperation and participation in addressing international tax matters.”

▶▶ **2008: Financial crisis and the Washington G20 summit**

The momentum around a re-evaluation of the global effort on international tax cooperation began to build in 2008, and can be seen in a series of declarations at global summits. The first came in July 2008, at the G8 summit in Toyako, Japan, which urged “all countries that have not yet fully implemented the OECD standards of transparency and effective exchange of information in tax matters to do so without further delay”.<sup>19</sup>

More flesh was added to the bones at a meeting of OECD finance ministers – including UK Financial Secretary to the Treasury Stephen Timms – in Paris in September, which underlined “that investors located in jurisdictions providing an opaque environment have added to the current financial crisis and that the need for public

funds resulting from this crisis makes the fight against the loss of tax revenue more important than ever". They noted that "lack of transparency and exchange of information... undermines developing countries' abilities to strengthen their public finances and modernise their economy".<sup>20</sup>

**Tax, financial crisis and the G20:  
what they said**

"There's a building in the Cayman Islands that houses supposedly 12,000 US-based corporations. That's either the biggest building in the world or the biggest tax scam in the world, and we know which one it is."

US President Barack Obama,  
December 2007<sup>14</sup>

"We really do need to have a long hard look at the relationship between this country and the Isle of Man, a tax haven sitting in the Irish Sea."

UK Chancellor Alistair Darling,  
November 2008<sup>15</sup>

"Fighting tax evasion calls for cooperation between developed and developing countries. At home, governments must enact fair and effective policies and make it easy for taxpayers to comply with their obligations. Internationally, they must

push for greater transparency in cross-border financial transactions.

As incoming G20 chair, Britain must take up this challenge. It has played a lead role in OECD work on countering tax haven abuse, but more is needed. Ties with Commonwealth countries and dependencies that operate as offshore financial centres make it uniquely well placed to push for improved standards of transparency. At the same time, it can give a lead in helping developing countries improve their tax administration."

Angel Gurría, OECD Secretary  
General, November 2008<sup>16</sup>

"We want to put a stop to tax havens."

French President, Nicholas Sarkozy,  
February 2009<sup>17</sup>

"We will crack down on the tax havens that siphon off money from developing countries – money that could otherwise be spent on bednets, vaccinations, economic development and jobs."

UK Prime Minister, Gordon Brown,  
March 2009<sup>18</sup>

The OECD was asked “to establish a methodology to provide a clear distinction between the countries and territories which have substantially implemented the OECD standard on exchange of information and those which have not, and to publish its conclusions in 2009”.

Finally, G20 leaders, meeting in Washington in November, stated that “lack of transparency and a failure to exchange tax information should be vigorously addressed”.<sup>21</sup>

In December, the UK government announced an independent review into “the immediate and long-term challenges facing British offshore financial centres in the current economic climate”, chaired by Michael Foot, former Inspector of Banks & Trust Companies for the Bahamas. The review’s terms of reference included taxation and international cooperation.<sup>22</sup>

▶▶ **2009: the run up to the London G20 summit**

The first few months of 2009 provided a combination of aggressive rhetoric and dramatic capitulations on the part of several jurisdictions. EU heads of state, meeting in Berlin in February, agreed that “a list of uncooperative jurisdictions and a toolbox of sanctions must be devised as soon as possible”, covering “non-cooperation in exchanging information on tax evasion” with other countries.<sup>23</sup>

As the rumours swirled, there was a flurry of diplomatic activity, resulting in a series of announcements. The Isle of Man, Jersey and Guernsey rushed to reach the target of 12 Tax Information Exchange Agreements (TIEAs), the number chosen by the OECD to represent “substantial implementation” of its standards.

Others, including Switzerland, Luxembourg and Austria, made announcements that were billed as the “end of banking secrecy”. In fact they said that they would accept information exchange provisions in their double taxation agreements (DTAs) with other countries, by removing their reservations to Article 26 of the OECD model tax convention. This applied both to new DTAs based on this model, and through renegotiating their existing treaties.<sup>24</sup>

As the date of the summit neared, tax havens became a make-or-break issue. Nicholas Sarkozy threatened to walk out unless there were ‘concrete’ results on this, among other issues.<sup>25</sup> “There will be many people watching what happens tomorrow very closely,” said Jersey’s finance minister.<sup>26</sup>

## Definitions

### **Tax Information Exchange**

**Agreement (TIEA):** A bilateral agreement between countries, “to promote international co-operation in tax matters through exchange of information. Based on the OECD model TIEA.” (Source: OECD)

### **Double taxation agreement**

**(DTA):** “A bilateral agreement ‘entered into by countries to clarify the situation when a taxpayer might find himself subject to taxation in more than one country’, usually based on the OECD model tax convention.” Article 26 of the model agreement relates to information exchange. (Source: OECD).

On the eve of the summit, a spokesman for the Chinese G20 delegation told journalists, “the question of financial regulation, including of tax havens, is still the subject of negotiations”.<sup>27</sup>

### **What the G20 concluded**

The G20 outcome, when it came, included the commitment to “stand ready to take agreed action” against non-cooperative jurisdictions, listing a number of potential sanctions (see box). It was accompanied not just by a blacklist, but by two ‘grey lists’ and a ‘white list’. To escape the blacklist, states had to make in principle commitments to international tax cooperation; avoiding the grey list required “substantial implementation” – meaning the existence of 12 bilateral information exchange agreements. Within a few days of the summit, the four blacklisted jurisdictions had made the necessary commitments to leave that list empty.

#### **Extract from the annex to the G20 communiqué**

We call on countries to adopt the international standard for information exchange endorsed by the G20 in 2004 and reflected in the UN Model Tax Convention. We note that the OECD has today published a list of countries assessed by the Global Forum against the international standard for exchange of information. We welcome the new commitments made by a number of jurisdictions and encourage them to proceed swiftly with implementation.

We stand ready to take agreed action against those jurisdictions which do not meet international standards in relation to tax transparency. To this end we have agreed to develop a toolbox of effective countermeasures for countries to consider, such as:

- increased disclosure requirements on the part of taxpayers and financial institutions to report transactions involving non-cooperative jurisdictions;
- withholding taxes in respect of a wide variety of payments;
- denying deductions in respect of expense payments to payees resident in a non-cooperative jurisdiction;
- reviewing tax treaty policy;
- asking international institutions and regional development banks to review their investment policies; and,
- giving extra weight to the principles of tax transparency and information exchange when designing bilateral aid programs.

We also agreed that consideration should be given to further options relating to financial relations with these jurisdictions.

We are committed to developing proposals, by end 2009, to make it easier for developing countries to secure the benefits of a new cooperative tax environment.

There were a number of subsequent twists, beginning with a statement contained in the annex to the summit communiqué that,

**“we are committed to developing proposals, by end 2009, to make it easier for developing countries to secure the benefits of a new cooperative tax environment”.**<sup>28</sup>

Gordon Brown wrote immediately to OECD Secretary General Angel Gurría, urging the OECD to develop, “an effective tool for addressing the global problem of [tax] avoidance” and also, “to ensure that developing countries can benefit from the greater transparency we are now achieving”. He continued:

**“On developing nations... it would be helpful if an effective multilateral mechanism could be developed to enable developing countries to readily participate in and benefit from exchange of information.”**<sup>29</sup>

Then, a week later, it emerged that Gordon Brown had also written to Britain's Crown Dependencies and Overseas Territories. Jersey was told that the 12 bilateral agreements it had signed to ensure its place on the white list “should be seen as an indicator of commitment to the principle of tax transparency”, and that the Crown Dependencies must “continue to set the pace in this process and put clear water between themselves and those jurisdictions which only just meet the international standard”.<sup>30</sup>

The leaked letter to the British Virgin Islands suggested a six month deadline for

compliance with the white list standard: “Given the developments at the G20 and, in particular, the identification of a toolbox of sanctions which will be applied against those who do not meet the international standard, I urge you to achieve the standard of 12 TIEAs or equivalent arrangements before the UN General Assembly in September.”

Both letters stated that it would be “vital” to recipients’ interests “that they can readily meet any new international standards which emerge” on tax avoidance, as well. Finally, Brown clarified that the London G20 summit might not represent the end of the G20's involvement in tax cooperation:

**“If genuine progress in agreeing, implementing and abiding by these agreements does not continue to be made I will encourage the G20 to look at this issue again until all abide by the highest standards.”**

In its progress report on 22 April, the Foot review of British offshore financial centres noted that “the renewed focus on tax transparency and tax avoidance will have implications for... financial centres”, which, it said, will need “to be able to respond positively to the emerging consensus”.<sup>31</sup>

**Table: The OECD and G20's black, grey and white lists, as at 2 April.<sup>32</sup>**

<b>Group</b>	<b>Criteria</b>	<b>Included</b>
Jurisdictions that have substantially implemented the internationally agreed tax standard ('white list')	Had signed at least 12 bilateral agreements that include OECD tax information exchange standards (referred to below as simply 'agreements') on 2 April	Argentina, Australia, Barbados, Canada, China, Cyprus, Czech Republic, Denmark, Finland, France, Germany, Greece, Guernsey, Hungary, Iceland, Ireland, Isle of Man, Italy, Japan, Jersey, Korea, Malta, Mauritius, Mexico, Netherlands, New Zealand Norway, Poland, Portugal, Russian Federation, Seychelles, Slovak Republic, South Africa, Spain, Sweden, Turkey, United Arab Emirates, United Kingdom, United States, US Virgin Islands
Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented: tax havens ('grey list')	Had signed fewer than 12 agreements by 2 April but had committed to do so; and were on the OECD's 2000 list of tax havens	Andorra, Anguilla, Antigua and Barbuda, Aruba, Bahamas, Bahrain, Belize, Bermuda, British Virgin Islands, Cayman Islands, Cook Islands, Dominica, Gibraltar, Grenada, Liberia, Liechtenstein, Marshall Islands, Monaco, Montserrat, Nauru, Neth. Antilles, Niue, Panama, St Kitts and Nevis, St Lucia, St Vincent & Grenadines, Samoa, San Marino, Turks and Caicos Islands, Vanuatu
Jurisdictions that have committed to the internationally agreed tax standard, but have not yet substantially implemented: other financial centres ('grey list')	Had signed fewer than 12 agreements by 2 April but had committed to do so; and not on the OECD's 2000 list of tax havens	Austria, Belgium, Brunei, Chile, Guatemala, Luxembourg, Singapore, Switzerland
Jurisdictions that have not committed to the internationally agreed tax standard ('blacklist')	Had not committed to signing any agreements on 2 April	Costa Rica, Labuan, Philippines, Uruguay <sup>77</sup>

### **Taking stock: what the G20 outcome means for developing countries**

In themselves, the black, grey and white lists and sanctions will have little benefit for developing countries. This is because the criterion upon which a state is placed on one of the lists is whether or not it has signed 12 bilateral agreements based on the OECD's information exchange standard. This standard presents a number of problems.

#### **An ineffective model for exchange**

The OECD standard is based on 'effective information exchange', in which the requesting tax authority has no automatic right to the information it requests – it must demonstrate that the information is 'foreseeably relevant' to its administrative or enforcement work. This is specifically designed to prohibit 'fishing expeditions' by tax authorities – a hunch is not enough. In a factsheet published online, Jersey is quite clear what this means:

**“The Jersey authorities may still decline a request for information if they consider it does not meet the strict criteria laid down in the agreement... A high threshold therefore exists before the Jersey authorities will accede to a request under a TIEA. For example in the past year, there have been just four requests from the US under the terms of the TIEA.”<sup>33</sup>**

Switzerland was able to state that its agreement to abide by OECD information exchange standards was consistent with “maintaining banking secrecy”.<sup>34</sup> It is unlikely that a developing country would be

able to take advantage of a TIEA, given the minimal use made even by the well-resourced US tax authorities. Perhaps the difficulty with making requests also explains why so few powerful nations have negotiated TIEAs with offshore financial centres at all.

#### **Bilateralism**

The OECD website provides a list of TIEAs signed by the states that featured on its original list of tax havens, with dates. It shows that, from 2000 until 2 April 2009, (the date of the London G20 summit), just 63 TIEAs had been signed. Many of them were with the Faroe Islands and Greenland – states unlikely to have a significant need for information exchange. None was with developing countries.

The bilateral nature of OECD model agreements makes them costly and time consuming for developing countries to negotiate. But more importantly it means that a country's ability to secure an agreement on its terms – or indeed at all – is based on its economic power. The model TIEA contains provisions to be negotiated 'multilaterally', but as the introduction states, it “is not a 'multilateral' agreement in the traditional sense. Instead, it provides the basis for an integrated bundle of bilateral treaties. A Party to the multilateral Agreement would only be bound by the Agreement vis-à-vis the specific parties with which it agrees to be bound”.

All in all, this makes the G20 communiqué's commitment to “make it easier for developing countries to secure the benefits of a new cooperative tax environment” less indicative of a step forward. The 'new cooperative tax environment' is not much

more cooperative than the old one, and in its current form would be of little use to developing countries. Something more will be needed.

### **What next?**

ActionAid believes that the outcomes of the G20 summit could pave the way for international cooperation on tax in a way that works for developing countries. In order for that to be the case, the G20's commitment to develop proposals that benefit developing countries by the end of 2009 should include a proposal for a system of tax information exchange that has the following four characteristics.

#### **Global**

The agreement must extend to all states with a legitimate interest in tax information, and all states from which they need tax information. Developed countries and offshore financial centres must be compelled to participate, and developing countries supported to meet the standards at which they too could join.

#### **Multilateral**

Gordon Brown referred to "an effective multilateral mechanism" as the solution for developing countries, and we agree. This must be truly multilateral, not a web of bilateral agreements as in the existing model. Participation in the system must mean agreement to exchange information with all other participants, and exchange with every state, no matter how small, must be compelled through the threat of collective sanctions.

#### **Automatic**

To overcome the problems with the OECD's effective information exchange standard,

developing countries need access to tax information automatically. This would mean that, rather than applying for information on a case-by-case basis, states would have immediate access to the information electronically. A technical precedent for this already exists, in the form of the EU Savings Directive, through which information on the savings income of an EU individual in one country is automatically exchanged with the authority in his or her home country, electronically. There is also an OECD electronic information exchange standard.

Existing OECD standards are designed to prevent 'fishing trips', which are deemed too onerous an obligation on the authority of whom the request is made. But for developing countries, the bar is set too high. Automatic information exchange makes the level of proof required irrelevant, as work is only required to set up the electronic systems at the beginning – once the system is implemented, an information request requires little effort.

Existing technical assistance programmes already cover the development of electronic information systems for use by tax authorities in developing countries. Work to develop an automatic information exchange system should include providing demand-driven technical assistance so that developing country tax authorities can participate.

Some of the states that recently made commitments to greater on-demand information exchange have implied that automatic exchange compromises the right to confidentiality that they offer. There are two problems with this argument. First, there has never been a right to confidentiality

vis-à-vis tax authorities – and any information exchange would carry with it a commitment that the information goes no further than the tax authority. Second, OECD standards already allow for exchange of information without proof of guilt – the standard of ‘foreseeable relevance’ specifically allows for information exchange in situations where the existence of tax evasion cannot be determined by the requesting authority until the information is received. Signing an information exchange agreement based on existing OECD standards means that the confidentiality a state can guarantee is qualified at best.

### **Enforced**

Finally, the international standard for tax cooperation on which the black, grey and white lists are based should be reviewed, with a view to progressively raising the standard required for ‘white listing’. Gordon Brown laid the foundations of such a process in his letters sent to Crown Dependencies and Overseas Territories, which implied that the current white-listing standard is only the start.

### **Conclusion**

Developing country tax authorities will not be able to put a stop to tax evasion and tax avoidance without greater transparency and information exchange at a global level. This information is a key part of the solution that will allow them to hold on to hundreds of billions of dollars lost every year through tax evasion and avoidance – money that could be spent on the public services necessary to alleviate poverty and meet the millennium development goals. The fight against tax dodging is made all the more urgent by the financial crisis and recession, which have further increased the funding gap.

In order to do this, the UK government, should work through national and international processes, including the Foot review of offshore financial centres, the G20’s commitment to develop proposals that benefit developing countries by the end of 2009, and the review of the EU Savings Directive, to develop a system of tax information exchange that is:

- **automatic**, not ‘on demand’
- based on **multilateral**, not bilateral arrangements
- **global** in scope, including all jurisdictions
- **enforced**, by progressively raising the white and blacklisting standards with a view to making participation in the system an eventual criterion.

## Endnotes

- <sup>1</sup> The OECD is a 30-member intergovernmental body comprising states that are committed to “an open market economy, democratic pluralism and respect for human rights”. Based in Paris, its secretariat functions as a global economic ‘think tank’.
- <sup>2</sup> UN Millennium Project, 2005. *Investing in Development: A Practical Plan to Achieve the Millennium Development Goals*. Available at [www.unmillenniumproject.org/documents/overviewEngi-1LowRes.pdf](http://www.unmillenniumproject.org/documents/overviewEngi-1LowRes.pdf) (accessed 22.04.09)
- <sup>3</sup> OECD, March 2009. *Development aid at its highest level ever in 2008*. Available at [www.oecd.org/document/35/0,3343,en\\_2649\\_34487\\_42458595\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/35/0,3343,en_2649_34487_42458595_1_1_1_1,00.html) (accessed 22.04.09)
- <sup>4</sup> ActionAid, March 2009. *Where does it hurt? The impact of the financial crisis on developing countries*. Available at [www.actionaid.org.uk/doc\\_lib/where\\_does\\_it\\_hurt\\_final.pdf](http://www.actionaid.org.uk/doc_lib/where_does_it_hurt_final.pdf) (accessed 22.04.09)
- <sup>5</sup> Global Financial integrity, January 2009. *Illicit financial flows from developing countries: 2002-2006*. Available at [www.gfip.org/storage/gfip/economist%20-%20final%20version%201-2-09.pdf](http://www.gfip.org/storage/gfip/economist%20-%20final%20version%201-2-09.pdf) (accessed 22.04.09)
- <sup>6</sup> Angel Gurría, 27 November 2009. ‘The global tax dodgers’, *The Guardian*
- <sup>7</sup> Christian Aid, May 2008. *Death and taxes: the true toll of tax dodging*. Available at [www.christianaid.org.uk/images/deathandtaxes.pdf](http://www.christianaid.org.uk/images/deathandtaxes.pdf) (accessed 22.04.09)
- <sup>8</sup> Trevor Manuel, January 2008. Address to the Fourth OECD Forum on tax administration. Available at [www.treasury.gov.za/comm\\_media/speeches/2008/2008011001.pdf](http://www.treasury.gov.za/comm_media/speeches/2008/2008011001.pdf) (accessed 22.04.09)
- <sup>9</sup> OECD, 1998. *Harmful tax competition: an emerging global issue*. Available at [www.oecd.org/dataoecd/33/0/1904176.pdf](http://www.oecd.org/dataoecd/33/0/1904176.pdf) (accessed 22.04.09)
- <sup>10</sup> OECD, 2000. *Towards global tax cooperation*. Available at [www.oecd.org/dataoecd/9/61/2090192.pdf](http://www.oecd.org/dataoecd/9/61/2090192.pdf) (accessed 22.04.09)
- <sup>11</sup> OECD. *List of Uncooperative Tax Havens*. Available at [www.oecd.org/document/57/0,3343,en\\_2649\\_33745\\_30578809\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/57/0,3343,en_2649_33745_30578809_1_1_1_1,00.html) (accessed 22.04.09)
- <sup>12</sup> A separate list of non-cooperative jurisdictions is maintained by the Financial Action Task Force (FATF), an intergovernmental body linked to the OECD, under its Non-Cooperative Countries and Territories (NCCT) Initiative. FATF focuses on the prevention of money laundering and, more recently, terrorist financing, not on tax practices, although there is clearly an overlap. In 2000 it listed 15 states – many of them also appearing on the OECD’s list – as non-cooperative, then in 2001 a further eight countries were listed, while four were de-listed. Between 2001 and 2006, the number of listed countries dwindled to zero.
- <sup>13</sup> UN, March 2002. Monterrey Consensus of the International Conference on Financing for Development. Available at [www.un.org/esa/sustdev/documents/Monterrey\\_Consensus.html](http://www.un.org/esa/sustdev/documents/Monterrey_Consensus.html) (accessed 22.04.09)
- <sup>14</sup> Taken from a transcript of the Democratic presidential debate, 13 December 2007. Available at [www.nytimes.com/2007/12/13/us/politics/13text-debate.html?pagewanted=all](http://www.nytimes.com/2007/12/13/us/politics/13text-debate.html?pagewanted=all) (accessed 22.04.09)
- <sup>15</sup> Alistair Darling, 3 November 2009. Oral evidence to the Treasury Committee. Transcript available at [www.publications.parliament.uk/pa/cm200708/cmselect/cmtreasy/uc1167-i/uc116702.htm](http://www.publications.parliament.uk/pa/cm200708/cmselect/cmtreasy/uc1167-i/uc116702.htm) (accessed 22.04.09)
- <sup>16</sup> Angel Gurría, 2008, op cit.
- <sup>17</sup> Quoted in Crawford, A. & P Donahue, 22 February 2009. *European G-20 Nations Seek Crackdown on Tax Havens*. Bloomberg media. Available at [www.bloomberg.com/apps/news?pid=20601087&refer=home&sid=arqqvejukth4](http://www.bloomberg.com/apps/news?pid=20601087&refer=home&sid=arqqvejukth4) (accessed 22.04.09)
- <sup>18</sup> Gordon Brown, 10 March 2009, Speech to DFID conference on eliminating world poverty. Transcript available at [www.number10.gov.uk/Page18554](http://www.number10.gov.uk/Page18554) (accessed 22.04.09)
- <sup>19</sup> G8, 8 July 2008. *Declaration on the World Economy*. Available at [georgewbush-whitehouse.archives.gov/news/releases/2008/07/20080708-2.html](http://georgewbush-whitehouse.archives.gov/news/releases/2008/07/20080708-2.html) (accessed 22.04.09)

<sup>20</sup> OECD. Conference on the fight against international tax evasion and avoidance: summary of conclusions. Available at [www.budget.gouv.fr/presse/dossiers\\_de\\_presse/081021evasion\\_fiscale/releve\\_conclusions\\_ang.pdf](http://www.budget.gouv.fr/presse/dossiers_de_presse/081021evasion_fiscale/releve_conclusions_ang.pdf) (accessed 22.04.09)

<sup>21</sup> G20, 15 November 2008. Summit on financial markets and the World economy: Declaration. Available at [www.g20.org/Documents/g20\\_summit\\_declaration.pdf](http://www.g20.org/Documents/g20_summit_declaration.pdf) (accessed 22.04.09)

<sup>22</sup> HM Treasury, 2 December 2009. *Independent Review into British Offshore Financial centres*. Press release. Available at [www.hm-treasury.gov.uk/press\\_130\\_08.htm](http://www.hm-treasury.gov.uk/press_130_08.htm) (accessed 22.04.09)

<sup>23</sup> Written summary by Angela Merkel, quoted in Crawford, A. & P Donahue, op cit

<sup>24</sup> For these commitments to become a reality two major steps are needed:

- the countries which have not yet done so (eg Switzerland) must change their internal laws and administrative practices to allow them to obtain and exchange information for tax purposes;
- they must renegotiate their existing treaties, or negotiate new treaties, with all interested states.

<sup>25</sup> CNN, 31 March 2009. *Sarkozy walkout threats at G-20, reports say*. Available at [edition.cnn.com/2009/WORLD/europe/03/31/g-20.sarkozy/](http://edition.cnn.com/2009/WORLD/europe/03/31/g-20.sarkozy/) (accessed 22.04.09)

<sup>26</sup> Sibcy, A, 13 March 2009. 'Havens: Island holds its breath.' *Jersey Evening Post*, available at [www.thisisjersey.com/2009/03/13/havens-island-holds-its-breath/](http://www.thisisjersey.com/2009/03/13/havens-island-holds-its-breath/) (available at 22.04.09)

<sup>27</sup> Hall, B et al, 2 April 2009. 'Stage set for tax havens battle'. *Financial Times*. Available at [www.ft.com/cms/s/0/a1b9c242-1f1e-11de-a748-00144feabdc0.html](http://www.ft.com/cms/s/0/a1b9c242-1f1e-11de-a748-00144feabdc0.html) (accessed 22.04.09)

<sup>28</sup> G20, 2 April 2009. Annex to the G20 communiqué - *Declaration on strengthening the financial system*. Available at [www.londonsummit.gov.uk/resources/en/PDF/annex-strengthening-fin-sysm](http://www.londonsummit.gov.uk/resources/en/PDF/annex-strengthening-fin-sysm) (accessed 22.04.09)

<sup>29</sup> Document on file

<sup>30</sup> Letters available at [www.taxjustice.net/cms/upload/pdf/Brown\\_090408\\_Letter\\_to\\_BVI.pdf](http://www.taxjustice.net/cms/upload/pdf/Brown_090408_Letter_to_BVI.pdf) and [www.taxjustice.net/cms/upload/pdf/Brown\\_090408\\_Letter\\_to\\_jersey.pdf](http://www.taxjustice.net/cms/upload/pdf/Brown_090408_Letter_to_jersey.pdf) (accessed at 22.04.09)

<sup>31</sup> HM Treasury, April 2009. *Progress report of the independent Review of British offshore financial centres*. Available at [www.hm-treasury.gov.uk/d/indreview\\_foot\\_review\\_progress\\_apr09\\_\\_pu772.pdf](http://www.hm-treasury.gov.uk/d/indreview_foot_review_progress_apr09__pu772.pdf) (accessed 22/04/09)

<sup>32</sup> Source: OECD, April 2009. *A progress report on the jurisdictions surveyed by the OECD global forum in implementing the internationally agreed tax standard*. Available at [www.oecd.org/dataoecd/38/14/42497950.pdf](http://www.oecd.org/dataoecd/38/14/42497950.pdf) (accessed 22.04.09)

<sup>33</sup> Jersey Finance, March 2009. *Privacy of Financial Information in Jersey*. Available at [mail.jerseyfinance.je/library/document/Privacy\\_Fact\\_Sheet\\_020309.pdf](mailto:mail.jerseyfinance.je/library/document/Privacy_Fact_Sheet_020309.pdf) (accessed 22.04.09)

<sup>34</sup> BBC News, 13 March 2009. *Switzerland eases banking secrecy*. Available at [news.bbc.co.uk/1/hi/business/7941717.stm](http://news.bbc.co.uk/1/hi/business/7941717.stm) (accessed 22.04.09)

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