Short Session Report

Session Title: Overcoming the Shadow Economy
Date & Time: Friday, 2 December 2016, 9-11am
Report prepared by: Kathrin Betz, University of Basel

Experts:
Giannina Segnini, Graduate School of Journalism, Columbia University
May Miller-Dawkins, Director, Governance and Transparency, The B Team
Frederik Obermaier, Süddeutsche Zeitung
Mark Pieth, Basel Institute on Governance / University of Basel
Nick Shaxson, Tax Justice Network

Moderated by: Giannina Segnini
Session coordinated by: n/a

Main issues raised in kick off remarks. What’s the focus of the session?

The global issues and risks related to offshore financial centers. Safe havens for assets originating e.g. from organised crime, corruption. Tax evasion and growing global wealth inequality. Tax competition and race to the bottom – countries need to realise that this harms their own interests. While the ‘Panama Papers’ stemmed from a Panamanian law firm, the issues they raise are not a problem of Panama alone, but of global relevance, including (and especially for) the US and Europe.
Briefly describe the highlights including the thematically interesting questions and ideas that were generated from the discussion or from the floor, and session quotes.

The topics of tax evasion and of organized crime/money laundering merge in the discussion about offshore financial centers.

It is necessary to persuade countries that it is in their own selfish self-interest to put an end to any cheating on taxes.

Are there legitimate reasons for intransparency, e.g. if a country imposes punitive taxes on its citizens? A person’s wealth is usually visible from the lifestyle.

What are the key recommendations, follow-up Actions (200 words narrative form)

Secrecy havens are a global issue. The beneficial owners behind companies and accounts must be identified and known. There need to be publicly accessible company registries – it is not sufficient if they are only open to the authorities, as court cases are very complex and time-consuming to run – and no fees for using them may be charged that again limit accessibility.

Regarding the legal industry, it is important to implement the global standard that if lawyers perform the services of financial intermediaries, fiduciaries or company incorporators outside the traditional field of legal work, they cannot benefit from legal privilege.

Regarding tax, it is important to overcome the competitiveness agenda. Countries need to understand that it is in their own selfish self-interest to put an end to any cheating on taxes.
Key Insights that could be included in the IACC Declaration

The call for publicly accessible company registries.

Rapporteur’s name and date submitted
Kathrin Betz, 2 December 2016

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