

Tax Havens Today and Tomorrow

Written by PAG

Thursday, 01 January 2009 13:46

Approximately 150 people squeezed into the final public event of the year organised by the Positive Action Group, to listen to a debate between John Christensen, of the Tax Justice Network, and IOM Assessor of Income Tax, Malcolm Couch.

This opportune event had added resonance given the current stand-off between the authorities in the UK and the IOM over the issue of financial services and whether the IOM, and other 'off-shore tax havens', distort the global financial markets.

Mr Christensen commenced the debate by saying that all tax 'competition' is harmful and the consequence is a shift of capital from the southern hemisphere to the northern half. He claimed that each year between \$1 trillion to \$1.6 trillion of illicit flows of capital take place; with \$500 billion - \$800 billion coming out of developing countries to their detriment.

He said with only \$100 billion of aid heading back south it was not difficult to work out why they were so poor.

He went on to say that £250 billion of lost tax revenue is from the richest people, and a significant amount of their money is held in the IOM. He added that it was a spectacular failure, despite all the anti money laundering legislation, for banks to admit less than 1% of 'dirty money' is detected.

Using the example of how the retail price of a banana is built up of very little in the way of actual product cost but is mostly 'financial service' cost, with very little of it being taxed, he said nearly all commodities are handled in the same way.

Full report:

[Manx Herald](#)

Links:

[Tax Justice Network](#)

[IoM Treasury, Tax Strategy](#)

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Both contributors presentations are attached: