



Panama Papers Barely Scratch the Surface: Tax Havens and Money Laundering, an Appendage of Britain's Banking Industry

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The recent revelation resulting from the Panama Papers is nothing new, it just helps to highlight the sheer scale of criminality being perpetrated by those wealthy enough to benefit. What we are witnessing from a tiny island, nestled neatly between North and South America is a glimpse of a global money laundering fest on a truly oceanic scale.

There are 82 [countries listed](#) globally as tax havens or jurisdictions of financial secrecy. Collectively Britain is the number one on the list of offenders, mainly because of its extensive overseas territories such as Jersey, Isle of Man, Gibraltar etc. In reality though Britain is now itself a tax haven.

Since the Conservative government got their knees under the table, George Osborne has systematically gone about creating what is effectively a territorial tax system for companies and organisations thus ensuring that no UK-based multinational pays taxation in the UK on profits arising to it from outside the country. Of course, the organisation itself has to deliberately go about structuring itself to achieve that goal, but once done, they are shielded from the deliberately lethargic tax office (HMRC).

Osborne also created the 'patent box scheme' which initially sounded like it was protecting British inventions and intellectual property but in reality just facilitated yet more corporate tax reduction. One only has to look at the banking industry where British based banks pay more taxes in different countries than they do in the UK, or Google, Facebook and others in a long line of recent tax scandals.

If confirmation were needed, here is just one example of the tax evading smoking gun as reported by [ethicalconsumer.org](#):

"In July the Financial Times reported: "[US pharmaceutical company] AbbVie has sealed its proposed £32bn takeover of Shire, the UK-listed speciality pharmaceuticals company, in one of the biggest deals so far to involve a US company shifting its tax residence overseas... AbbVie said that, while its administrative headquarters would remain in Chicago and its listing in New York, the merged entity would be incorporated in the Channel Island of Jersey and have its tax residence in the UK."

In 2008 Shire left the UK for tax purposes. Then the object was to avoid any chance of UK tax arising under proposed changes to controlled foreign company laws by the then Labour government, changes that might have hit

companies with substantial intellectual property (like Shire) hard. Labour did not have the courage to put through those changes that are still so obviously needed to tackle international tax abuse. But Shire left for Ireland anyway.

And now it's on its way back for tax purposes. It will use Jersey to save stamp duty. And tax haven UK does very nicely for all other purposes.

As we have [reported on a number of occasions](#), Her Majesty's British Overseas Territories and Crown Dependencies make up around 25 per cent of the world's tax havens, which are now blacklisted by the European Commission and now ranked as the most important player of financial secrecy in the world. The revelations contained in the Panama Papers is a drop in a much larger cess pool of crime and the likes of Britain's Prime Minister and his right hand man at the Exchequer swim in it.

Tax havens featured on the EC's blacklist of June last year include the British territories of; Anguilla, Bermuda, the British Virgin Islands, the Cayman Islands, Montserrat and the Turks and Caicos Islands to name just a few and each is inextricably linked to the City of London, where, according to Donald Toon, the boss of the National Crime Agency, "[hundreds of £billions are being laundered every year](#)" facilitated by UK banks and the legal professions.

In the meantime, even the [Queen was warned that her British territories](#) were now the world's biggest tax havens, harbouring tens of trillions of illegally stashed cash and assets that was described as a "web of secrecy jurisdictions" by The Tax Justice Network (TJN) who has now declared that Britain rules the world of tax havens.

Any claim by politicians in Britain that they are getting tough on tax evasion in Britain is simply not true.

Britain has seen a [600 per cent increase](#) in foreign millionaires buying property in London since David Cameron got his knees under the table at No 10. Behind Russian millionaires getting visas to stay in Britain, Chinese investors are the second largest category of investor visa applicants, accounting for 15 per cent. Around 30 per cent went to high net worth individuals from the Former Soviet Union states, including Armenia, Azerbaijan, Kazakhstan and Ukraine.

The visas are merely seen as a fast-track process for wealthy foreign nationals, irrespective of their suitability, to acquire British citizenship, experts claim. Many are hiding stolen money and assets in what is seen internationally as the safe haven of Britain and some even [donate to the Conservative party](#) to keep them nice and safe from their home jurisdictions.

It was only a year ago that [HSBC's Swiss banking arm](#) was caught in another leak helping wealthy customers evade taxes and conceal hundreds of millions of dollars of assets, whilst dishing out bricks of untraceable cash and advising these clients on how to circumvent domestic tax authorities. At the time it was the biggest banking leak in history containing the details of 30,000 accounts holding nearly £80 billion, an average per account of £2.6 million. Britain's tax office HMRC was warned in 2010 of the scale of the problem, then it was given this leak a few years later and after months of investigating, it managed to make just one prosecution in what is seen by the criminal and tax evading fraternity as little more than a theatrical joke of some sort.

Britain's complicity highlighted in the Panama Papers confirms one thing. More than half of the company formations set up by the partners and associates of Mossack Fonseca were

registered to the British overseas territory of BVI or British Virgin Isles. Identified in the leak were 110,000 company formations hiding god knows how much in the BVI but if scaled against the HSBC Swiss leak we are looking at around £300 billion.

Finally, mainstream media coverage of the Panama Papers has been interesting. The Guardian's exposé focusing on Vladimir Putin was [pure comedy](#), and this from a company that despite its high-mindedness has tax-dodging ingrained from its very birth. According to one report, in 1936 the paper was placed into a trust by its founder to avoid inheritance tax that was eventually wound up and then converted into a limited company to [avoid a £60million tax bill](#) arising from the sale of Autotrader magazine a few years ago. Who is to know what complexities lies behind this business set-up and what arrangements exist today. Not that other establishment press organisations can brag.

Hypocrisy knows no bounds!

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