



**FINANCIAL
TRANSPARENCY
COALITION**

NEWSLETTER

January - March 2016

Highlights

- **G20 and OECD Invite Non-Member Countries to Join Anti-Tax Evasion System**
- **Switzerland Rejects Request from Argentina on Leaked HSBC Accounts**
- **New Animated Film Explains the Damage Done by Illicit Financial Flows in Asia**
- **Global Witness Investigation Captures Attorneys on Camera Advising on How to Move Funds Anonymously**

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G20 and OECD Invite Non-Member Countries to Join Anti-Tax Evasion System

Ahead of the G20 Finance Ministers meeting, the OECD [announced plans](#) to invite all interested countries and jurisdictions to work with current G20 and OECD members on the implementation of the Base Erosion and Profit Shifting (BEPS) project. BEPS is an OECD initiative intended to address corporate tax evasion. As developing countries were not involved in the plan's design, FTC members fear that the invitation comes too late to be inclusive or effective. Learn more about the BEPS Project [here](#), and read the FTC's reaction to the announcement [here](#).

Switzerland Rejects Request from Argentina on Leaked HSBC Accounts

From Argentina's [La Nación](#) newspaper: "Switzerland has denied the Argentine judicial authorities information about 4,000 or so Argentine-owned bank accounts in Switzerland, saying that Argentina's request had no solid foundation." The request from Argentina is a follow-up to data revealed by an HSBC whistleblower, Hervé Falciani, which has caused a

political storm in many countries. Switzerland recently indicated that it intends to sign bilateral agreements for automatic exchange only with nations with which it has "close political and economic ties" like the United States and European member states. Learn more about the story [here](#).

Largest Indian Multinationals Set to Adopt Country-by-Country Reporting

Beginning April 1, India is adopting Country-by-Country Reporting Standards for multinationals with a consolidated revenue of 750 million Euros and above, roughly 150 companies. The move is seen as a transition step for Indian multinational corporations toward adherence to the BEPS guidelines as set by the Organization for OECD. Learn more about it [here](#).

ECOFIN Agrees to Privately Collect Country-by-Country Reports from Some Multinationals

The European Union's Economic and Financial Affairs Council (ECOFIN) agreed to the 4th Directive on Administrative Cooperation, which includes an amendment requiring multinationals

to report on their revenues, profits, taxes paid, and number of employees in each country they operate in. However, these reports will only be shared with tax authorities, making it nearly impossible for investors, journalists, or the general public to learn more about the operations of multinational corporations. Read about the agreement [here](#), and read the FTC's reaction [here](#).

Nigerian House Members Reveal Plan to Eliminate Tax Holidays for Multinationals

Members of Nigeria's House of Representatives unveiled plans to review the nation's tax laws, with the intent of eliminating tax holidays to multinationals, especially in the areas of telecoms, maritime, power, oil and gas. Nigeria loses US\$2.9 billion annually to tax incentives granted to multinational companies operating in the country. Read more [here](#).

U.S.'s FinCEN Takes Aim at Real Estate Secrecy in Manhattan and Miami

The U.S. Treasury Department announced it will require people purchasing high end real estate in New York and Miami to disclose who they really are. A New York Times investigation found that anonymously-owned shell companies were used to purchase nearly half of all high end properties across the U.S. Read about the development [here](#).

Australian Parliament Adopts Law to Publish Aggregate Statistics of AEOI Data

As part of a bill putting the G20/OECD Automatic Exchange of Information (AEOI) system into national law, Australian parliamentarians have gone a step further by voting to make some of the new information public. Since the OECD system doesn't call for any information to be made public, many developing countries that are not a part of AEOI won't be able to learn about

wealthy elites that may be hiding money offshore. But Australia's move to release aggregate data publicly will allow tax authorities from countries outside of the system to broadly verify if they think their taxpayers are hiding money in Australia. If they find discrepancies based on the aggregate data, they can work with the Australian Tax Office to open formal investigations on tax evasion. The data will also serve as a useful resource for civil society and researchers studying the progress of the exchange system. Australia is the first country in the world to have passed this clause. Read the bill amendment [here](#).

U.S. Incorporation Transparency Bill Introduced in Congress

The bipartisan Incorporation Transparency and Law Enforcement Assistance Act was introduced in the United States Congress in February. The bill takes aim at the anonymously-owned companies, requiring disclosure to authorities of the real owners behind companies incorporated in the U.S. Anonymous companies are often used as financial vehicles for criminal enterprises and terrorism, and the bill is supported by numerous law enforcement associations. Read the bill in its entirety [here](#).

Indonesia Cracks Down on Coal Mining Industry Corruption

Indonesia's Corruption Eradication Commission (KPK) announced in February that several hundred mining permits throughout 12 provinces were revoked. The Financial Services Authority (OJK) also ordered Indonesian banks to stop all lending to coal-mining projects in East Kalimantan, the region where 28% of Indonesia's coal reserves are located. These developments are part of a two-year process of consolidation of the mining permit process to crack down on

corruption and capture the appropriate revenues. All mining permits will require “clean and clear” status to operate. Learn more [here](#).

The U.K. plans Global Anti-Corruption Summit in May

The United Kingdom has announced intentions to convene a global anti-corruption summit in May, and is meeting with other governments to set the agenda. A plan in discussion includes possible collective action on beneficial ownership transparency, tackling professional enablers of corruption such as the real estate sector, improving transparency of public contracting, and strengthening international systems and increasing coordination, among other issues. Learn more about the summit’s prospects [here](#).

Kenya becomes 12th African Country to Sign the Multilateral Convention on Mutual Administrative Assistance in Tax Matters

Kenya recently signed the Multilateral Convention on Mutual Administrative Assistance in Tax Matters, which will make it possible to reveal the names of tax evaders, as well as make it easier for Kenya to pursue them within and outside the country. Kenya is the 12th African country, and 94th internationally to sign on. Read more [here](#).

India Special Investigators Honing in on Trade Misinvoicing as Illicit Flows Culprit

India’s Supreme Court-appointed Special Investigation Team on black money has asked the Directorate of Revenue Intelligence (DRI) to verify claims that US\$51 billion had been siphoned out every year between 2004 and 2013. According to news reports, in recent years there has been a greater recognition of trade misinvoicing as the main culprit of illicit financial flows leaving India. Read the news report [here](#).

UK White Paper Released on Enhancing Transparency of Company Beneficial Ownership

The UK’s Department for Business Innovation & Skills released a paper on beneficial ownership transparency and how it links to property ownership and public procurement. The UK has been at the forefront of a movement toward transparency and widespread beneficial ownership, and this paper is a major step in their efforts. Read the full report [here](#).

Two Financial Institutions Plead Guilty in Federal Court in New York to Hiding More Than \$130 Million in Cayman Bank Accounts

Two Cayman companies admit to helping U.S. taxpayer-clients hide assets in offshore accounts, becoming the first conviction of a non-Swiss financial institution for tax evasion conspiracy. As part of their guilty plea agreement, the companies will pay the United States a total of US\$6 million. Read the U.S. Department of Justice’s press release [here](#).

India’s Income Tax Department to Use Data Mining to Screen High Value Transactions for Illicit Cash

India’s Income Tax Department is preparing a project that will focus on monitoring fund flows across identities and accounts through extensive data mining. This will generate an actionable audit trail of high value transactions wherever a permanent account number, or PAN, has been quoted in any part of the country. Read the news report [here](#).

NETWORK NEWS

Global Witness Investigation Captures Attorneys on Camera Advising on How to Move Funds Anonymously

A Global Witness’ undercover investigation on anonymous companies aired on CBS’ *60 Minutes*

on January 31. As part of the investigation, 13 attorneys were approached by the supposed advisor of an African minister who had accumulated millions of dollars, and wanted to buy a Gulfstream Jet, a brownstone and a yacht, but do so anonymously. All but one of the 13 New York attorneys suggested ways to move the funds into the United States undetected. Learn more about the investigation [here](#). The U.S. Incorporation Transparency and Law Enforcement Assistance Act was introduced in Congress days later, citing the investigation. Read Global Witness's press release [here](#).

Transparency International's Petition for Transparent Lobbying

Transparency International (TI) launched a petition on March 1 calling for more transparency in European Union (EU) lobbying, more specifically for the EU lobby register to become mandatory rather than voluntary. Previous research published in December 2015 found that banks, tech and energy companies dominate EU lobbying. Read TI's press release [here](#), and read more about the presence of big business in lobbying [here](#).

Stop the Bleeding Campaign Wins Honesty Oscar Award

The theme song for the Stop the Bleeding Campaign to End Illicit Financial Flows from Africa won the 2016 Honesty Oscars Award for Best Song (Activist Anthem). The Honesty Oscars works to "Name and Fame" organizations, activists and artists that are accountability changemakers. View the official announcement of the winners [here](#), and listen to the song [here](#).

TJN Names and Shames U.S. in Podcast

In the February edition of the Taxcast, TJN shines the spotlight on the United States as a tax haven, and the lawyers secretly filmed by Global Witness

advising a fake corrupt African government Minister. The podcast also discusses Google's tiny tax payment in the UK and how politicians are interfering with the independence of tax authorities, and the rise of the unnoticed tax haven of Taiwan. Hear the full podcast [here](#).

Transparency International Launches Unmask the Corrupt Campaign

TI launched a three-phase campaign in October 2015 to fight for the millions of victims of grand corruption. The third phase is currently underway and gives the general public a forum to learn more about corruption and transparency, as well as put in efforts toward bringing about an end to them. Visit the campaign's website [here](#).

Latindadd Hosts Forum on EITI

On February 23, Latindadd hosted a forum that looked critically at the Extractive Industries Transparency Initiative (EITI). Participants discussed whether EITI has been successful at ensuring that companies comply with transparency standards. Panelists included civil society members from Chile, Costa Rica, Ecuador, Guatemala, Peru and Latindadd's own Carlos Bedoya. Read more about the event (in Spanish) [here](#).

Global Witness and Global Financial Integrity Meet with Business Reps

Global Witness and Global Financial Integrity participated in a meeting in New York City with representatives from nearly 25 businesses and other stakeholders on beneficial ownership (BO) transparency, convened by members of the B20 Anti-Corruption Working Group, B-Team and the accounting firm, Deloitte. The insights shared at this meeting will inform guidance documents being developed by the B20 Anti-Corruption Working Group, and shape implementation of the G20's agreed to principles on BO transparency.

Read more about the B20 and B-Team's work in this space [here](#).

FTC Welcomed New Allied Organizations Network Members

We have three new additions to our Allied Organizations network, ActionAid, the Bandung Institute for Governance Studies (BIGS), and Fundación Nacional Para el Desarrollo (FUNDE). Learn more about ActionAid's work combating poverty and injustice [here](#), about BIGS' society capacity strengthening [here](#), and FUNDE's research on transparency and corruption issues (in Spanish) [here](#).

Honoring Berta Cáceres and Rebecca Wilkins

We are saddened to have recently lost two people who were at the forefront of the fight for transparency and accountability.

Berta Cáceres, an Indigenous Honduran environmental activist, was murdered after publicly opposing a hydroelectric project because of its impact on the environment and Indigenous communities. She co-founded the Council of Indigenous Peoples of Honduras (COPINH), and won the Goldman Environmental Prize in 2013. Global Witness reports that at least 109 people were killed in Honduras between 2010 and 2015, for taking a stand against destructive dam, mining, logging and agriculture projects. Read Global Witness's press release on the issue [here](#).

Rebecca Wilkins was the Executive Director of the FACT Coalition and before that spent six years as Senior Counsel for Federal Tax Policy at Citizens for Tax Justice (CTJ). Her colleagues described her as "an expert's expert," with the rare ability to distill technical tax issues into language that was accessible to the general public. Rebecca passed away in February after a protracted battle with cancer. Read the FACT Coalition's memorial [here](#).

UPCOMING EVENTS

CBGA and FTC Host Asia Conference in New Delhi on March 29-30

The regionally-focused conference, *International Taxation and Regional Cooperation: Challenges and Opportunities for Asia*, will be co-hosted by the Centre for Budget and Governance Accountability (CBGA) and the FTC. The two-day event will focus on issues such as illicit financial flows, corporate tax dodging, the adequacy of the OECD BEPS initiative, exchange of information, domestic resource mobilization, the role of regional cooperation in Asia, and more. The conference aims to bring together tax authorities, academics, civil society and independent experts from a number of countries.

Workshop: Call for Papers on Corruption and the Role of Tax Havens

In preparation for a UK government-hosted summit on corruption, Tax Justice Network (TJN) along with the Association for Accountancy & Business Affairs at City University, are organizing a research-led workshop April 28-29 to explore the role of secrecy jurisdictions in creating a world that enables illicit financial flows and the best ways to protect the system. For more information visit TJN's website [here](#).

Eurodad Policy Forum in Brussels on June 9-10

Eurodad is hosting its Policy Forum, "Global economic governance: how do shifting global power dynamics affect opportunities for change?" on June 9-10 in Brussels, Belgium. This will be a space for Eurodad members and allies to share ideas, information, and strategic approaches to reforming global economic governance. Click [here](#) to register, view the agenda and find more information.

RESOURCES

Do You Know What Your Taxes Are Doing For You?

Oxfam Kenya launched a campaign to promote awareness among Kenyan citizens, especially women and youth, on their taxes and what these taxes do for them. The campaign emphasizes transparent and accountable tax policies that work toward reducing inequality and improving quality of life for poor, vulnerable, and marginalized women and young people in Kenya. Watch the campaign video [here](#).

Switzerland's Financial Secrecy Brought Under Human Rights Spotlight

In a joint submission to the UN Committee on the Elimination of Discrimination Against Women (CEDAW), TJN, the Center for Economic and Social Rights (CESR), the Global Justice Clinic at New York University School of Law, and Berne Declaration, have requested that the UN body examine the global impacts of Switzerland's opaque financial legislation on women's rights and gender equality. Read the full announcement [here](#).

New Animated Film Explains the Damage done by Illicit Financial Flows in Asia

CBGA, with the FTC, produced a short animated film explaining the reality of illicit financial flows and their effect on Asian economies. The video cites GFI figures, which state that \$482 billion left Asian countries illicitly in 2013. The film's animated approach makes concepts such as IFFs, transparency, and tax evasion more accessible to the general public. Watch the video [here](#).

Plummet in Number of Golden Visas Granted After "Blind Faith" Period Ends

This TI fact sheet explores how immigration rates to the UK for Tier 1 (Investor) visas or "Golden Visas" have plummeted in the last few years, due to stronger regulation. Until 2015, there were very little checks to ensure applicants hadn't obtained their money from corrupt sources, leaving an open door to those with dubious pasts wishing to start a new life in the UK. Check out the full fact sheet [here](#), and read TI's Gold Rush report [here](#).

Anonymous, Inc.

A new investigation from Global Witness and broadcasted on CBS' *60 Minutes* lifted the lid on how suspect funds enter the U.S., and who is facilitating it. Global Witness also released the brief, [Lowering the Bar](#), which goes further into the details of the investigation. These findings help to show how the U.S. has long been a favorite destination for the criminal and corrupt to hide and spend suspect funds, and just how easy it is to do using anonymously owned companies. Read more from Global Witness [here](#) and watch the *60 Minutes* piece [here](#).

Why Europe Should Impose Withholding Taxes on Payments, to Crack Open Secretive Tax Havens

TJN released a report in January advocating the EU to implement a new withholding tax regime to counter this global threat of tax havens resisting the OECD's Common Reporting Standard and automatic exchange of information across borders, essentially copying the scheme that the U.S. is using to protect itself. Find the full report [here](#).

RESOURCES

Illicit Financial Flows in China

Participation Center's report investigates the unique effects IFFs have within the Chinese political system. Money laundering is a common problem particularly on Mainland China, and is closely linked to corruption and profit shifting in the country. However, in recent years the Chinese government has been paying more attention to suspicious transactions and has been implementing more anti-money laundering measures. Find the policy brief [here](#).

Tax Optimization through Tax Transparency

Transparency International Indonesia's research explores the obstacles toward optimization of tax revenue. The report proposes that the increase of taxpayer compliance is an important factor and can be accomplished by having taxpayers use their constitutional rights to require allocation of expenditure that is more useful for the public. Find the policy brief [here](#).

Illicit Financial Flows: Issues and Challenges from the Philippine Experience

This report by Asian Peoples' Movement on Debt and Development examines the structural causes and key actors that facilitate IFFs in the Philippines, and addresses what steps can be taken to move in the right direction. Find the report [here](#).

Curbing Illicit Financial Flows in Afghanistan

Integrity Watch Afghanistan's report explores the current status of IFFs in Afghanistan, what steps the government has taken so far concerning IFFs, effective potential future steps to take, and the challenges of implementing policy changes and reformative measures. Read the policy brief [here](#).

Terrorism, Corruption and the Criminal Exploitation of Natural Resources

The OECD published a brochure illustrating the connection between anonymous shell companies and terrorist financing. The brochure finds that a crucial step in combating terrorism is ending corruption in financing, as instances of corruption facilitate terrorism and weaken a state's ability to protect its citizens and national interests. Read the brochure in its entirety [here](#).

Illicit Financial Flows: Corporate Looting in Latin America and the Caribbean

In this video interview, Oriana Suárez of Latindadd analyzes the impact of illicit financial flows on countries in Latin America and the Caribbean, and the repercussions IFFs have on development in the region. Watch the full video (in Spanish) [here](#).

European Commission's New Proposal on Corporate Tax Avoidance Does Not Deliver Real Transparency

TI's EU office released a statement on the European Union's plans to curb corporate tax avoidance, stating that they "do not deliver real transparency," and called for public country-by-country reporting. Read the statement [here](#).

RESOURCES

The Year in Financial Transparency: 2015

In preparation for the next phase of efforts to make the financial system work for everyone, we at the FTC are looking back at some of 2015's most memorable moments. By many accounts, 2015 will be remembered as the year of illicit financial flows. But now that illicit flows are in the global spotlight, there is work to do. Check out the FTC's Year in Financial Transparency timeline [here](#).

SELECTED PRESS HITS

The Guardian - [Development Finance in 2016: Eight Steps Forward](#)

Developing countries have been taking great strides toward transparency since the Addis Ababa action agenda was signed eight months ago. Multiple FTC members were quoted in this article, including Joe Stead from Christian Aid, Porter McConnell of FTC, and Tove Maria Ryding from Eurodad.

The Guardian - [We're Letting Oil, Gas and Minerals Firms off Far Too Lightly on Tax](#)

This Guardian article discusses the EITI conference in February and mentions that Global Witness and TI attended the event. The article also mentions Latindadd's forum on EITI. The EITI conference agenda included discussions on revealing the real owners of extractive companies, and transparency around commodities trading, contracts, and companies.

Daily Nation - [Treasury Keen to Evade Parliament in Mauritius Tax Row](#)

This article discusses TJN-A's lawsuit against the Kenyan government over a pact Kenya signed with Mauritius in 2012, which allows firms

registered in the two countries to pay taxes in only one country. Kenya's Treasury Department says the pact is not subject to parliamentary approval and is keen to keep the agreement out of parliament.

The New York Times - [Report Describes Lawyers' Advice on Moving Suspect Funds Into U.S.](#)

This New York Times article features the findings set out in Global Witness' report, Anonymous, Inc., and the accompanying undercover study, as well as the importance of the U.S. Incorporation Transparency and Law Enforcement Assistance Act in addressing the problem of anonymously-owned U.S. companies.

Salon - [How Delaware became an American haven for "grand corruption"](#)

In this article, TI's listing of the U.S. state of Delaware as one of the world's best examples of grand corruption is mentioned. FACT Coalition's Clark Gascoigne is also quoted. Delaware offers a form of tax sanctuary for corporations that register there, permitting them to assign revenue they earn in other states as royalty income, which Delaware does not tax.

SELECTED BLOG POSTS

[Open Data for Tax Justice: Where Have You Been All My Life? #OD4TJ](#)

Alex Cobham of Tax Justice Network explains Open Data Day, which took place on March 5, and was a gathering of citizens around the world who are using open public data to support the adoption of open data policies by the world's governments. Learn more about Open Data Day [here](#).

[The OECD and the G20 Claim to be Inclusive](#)

Rodolfo Bejarano of Latindadd discusses the OECD invitation to non-member countries to join to BEPS plan, and how the decision is not as inclusive as it seems since all policy plans have already been written.

[Companies in Extractive Industries Report Their Payments to Governments More, but More Work is Needed](#)

Heather Lowe of Global Financial Integrity explores transparency in extractives payments and revenues between companies and governments. Read the post in Spanish, written by Juan Cruz Vieyra of the Inter-American Development Bank, [here](#).

[President Mbeki Takes Issue of Illicit Financial Flows on a U.S. Roadshow](#)

Priya Amruthkumar of the FTC writes about former South African President Thabo Mbeki's recent visit to the U.S. as part of an advocacy tour one year out from the publication of the High Level Panel on Illicit Financial Flows from Africa's report, which found that nearly \$60 billion flows out of the African continent through illicit means every year. A similar Europe visit is also planned.

[Dutch Government Plans to Grant Public Access to Beneficial Ownership Register](#)

Koen Roovers of the FTC writes about the Dutch government's announcement that their upcoming register of beneficial ownership will be made public. The Netherlands joins a growing list of countries that have decided that the public should have access to this information.

[After Public Pressure, Anonymous Owner of Nevada's Largest Paper Comes Forward](#)

Christian Freymeyer of the FTC discusses how the true owner of *The Las Vegas Review Journal* was revealed, and unpacks why it shouldn't be so difficult to find out who owns a company or corporation.

QUESTIONS OR COMMENTS?

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