

ICRICT

**Independent Commission for the Reform
of International Corporate Taxation**

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For immediate release

A Roadmap for a Global Asset Registry

Measuring and tackling inequality: Curbing tax avoidance, tax evasion, corruption and illicit financial flows.

[Media Advisory](#)

Why a Global Asset Registry?

Tax evasion and avoidance, through the use of tax havens and opaque corporate and other legal structures, is fundamentally hard to study because there is no single source of information capturing all of it. While land and real-estate registries have existed for centuries, they miss a large fraction of the wealth held by households today, as wealth increasingly takes the form of financial securities

The use of ‘offshore’ structures allows not only the real ownership of wealth to remain hidden, but also its location and perhaps its very existence. This same secrecy also creates fertile ground for tax evasion, avoidance, and for financial crimes.

Significant progress has been made through the growing adoption of tax transparency measures, but substantially more progress is needed, especially because the current framework for automatic exchange relies on financial institutions from all countries (including in tax havens) to collect and report data, even though many of these financial institutions are the ones that were assisting clients hide their money in order to avoid or evade tax in the first place.

A global asset registry (GAR) would allow wealth inequality to be measured and understood, facilitate well-informed public and policymaker discussions on the desired degree of inequality and support appropriate taxation to reduce the negative consequences of inequality. In addition, a registry would also prove a vital tool against illicit financial flows, by ending impunity for hiding and using the proceeds of crime, and for removing legitimate income and profits from the economy in which they arise for tax purposes.

How and where should it be implemented?

The GAR should ensure that the ownership information of wealth refers to the **final** beneficial owner of the assets, and not to its legal owners (e.g. a company or nominee or front man).

GAR pilots could be developed, especially in major financial centres (used by residents from all over the world to hold assets). But it should eventually be global (one for the whole world, or at least interconnecting all national asset registries). Otherwise, hidden wealth would go to countries that lack an asset registry.

OECD countries that are major financial centres come first: they have the financial and technological capacity, and much of the world's wealth is already there. However, given the past and present lack of progress shown by the US, a more realistic option may be the EU, which has been at the vanguard of transparency measures.

What type of assets the GAR should cover (e.g. real estate, financial assets, gold, etc), whether information should be public or not, and many other technical and political issues need to be addressed as part of a pilot project.

Why is ICRICT in favor of a Global Asset Registry?

The Independent Commission for Reform of International Corporate Taxation, [ICRICT](#), was created to ensure a wider and more inclusive discussion of international tax rules than is possible through any other existing forum. ICRICT works from perspective of global public interest rather than national advantage and seeks fair, effective and sustainable tax solutions for developing countries.

While ICRICT continues to pursue global reform of corporate taxation, it also sees a role for a similar 'public interest' approach in the growing debate on the need for effective taxation of wealth, and the need to create a global register of assets. We believe that ICRICT is in a position to add an informed and authoritative voice to the debate.

Thomas Piketty's conversation-changing 2014 book, *Capital in the Twenty-First Century*, called for a global registry of assets to ensure that policymakers and the public had access to data on the full wealth distribution. Gabriel Zucman's *The Hidden Wealth of Nations* adds further support and suggests that Piketty's additionally proposed wealth tax need not be a prerequisite to establish a working registry. To date, however, there has been no serious evaluation of the practical steps to do so.

ICRICT, with its unique role as an expert influencer and breadth of expertise is best placed to evaluate the rational and feasibility for a global asset registry and to this end Thomas Piketty and Gabriel Zucman have recently joined the Commission to evaluate the proposal for a global asset registry, in terms of its technical, practical and political

potential, and this is the first report which will kick start more work by the Commission in this area.

KEY FIGURES:

- Global offshore wealth in tax havens is estimated at around 12-14%, with Switzerland alone holding 3% of it
- According to ICRICT commissioner Gabriel Zucman, \$7.6 trillion are stashed in tax havens. It is the equivalent of [10% of global GDP](#), hidden as deposits, shares, bonds and investment funds. And this is a conservative estimate, which also [varies a lot per country](#): in northern European countries this hidden wealth is no more than 5%, but this figure goes up to around 15% in continental Europe, and even to 60% in Russia, some Gulf States and a few countries in Latin America.
- [45% of multinationals' profits](#) are artificially shifted to tax havens, representing more than 600 billions euros in 2015.
- [63% of the foreign profits](#) made by US multinationals are shifted to tax havens.
- Offshore wealth turns out to be [extremely concentrated](#): the top 0.1% richest households own about 80% of it, and the top 0.01% about 50%.
- Offshore wealth has a larger effect on inequality in the U.K., Spain, and France, where [30%–40% of all the wealth of the 0.01% richest households](#) is held abroad
- Offshore wealth has particularly dramatic implications for [the Russian wealth distribution](#), where around 60% of the wealth of the richest households is held offshore.
- The revenue EU countries lose to tax havens represents the equivalent of [about half of public spending](#) on higher education.
- A growing fraction of wealth is being managed by offshore financial institutions. For example, in 2012, [9% of the U.S. listed equity market capitalization](#) was held by tax haven investors (hedge funds in the Cayman Islands, banks in Switzerland, mutual funds in Luxembourg, individuals in Monaco, etc.).
- The think-tank Global Financial Integrity (GFI) [calculated](#) that US\$1.1 trillion left developing countries in illicit financial flows (mostly the result of tax avoidance schemes) in 2013. That is much more than all official development assistance poor countries receive combined.

Quotes of ICRICT commissioners (Please feel free to use them)

José Antonio Ocampo, Chair of ICRICT, said:

“An important part of the wealth kept in tax havens is concentrated in dummy corporations, which clearly aim to keep their final beneficiaries unidentifiable. A global financial registry of the real and final individual beneficiaries of these companies, bank accounts and properties would be a crucial measure to deal with this. It would allow limiting tax evasion, money laundering and even the financing of terrorism”.

“If all countries had access to information about the final beneficiaries, it would make this strategy of covering funds up through chains of legal vehicles obsolete. In fact, it would make it impossible for multinationals to fraudulently assign profits that were generated in countries where they should be taxed, to tax havens”.

Gabriel Zucman, ICRICT commissioner and Professor of Economics at the University of California at Berkeley said:

“Tax havens are a key driver of global inequality, because the main beneficiaries are the shareholders of the companies that use them to dodge taxes. On top of helping multinationals dodge taxes, offshore centres enable a number of ultra-wealthy individuals to hide their riches”.

“The notion that a register of financial wealth would be a radical departure from earlier practices concerning privacy is wrong. It would deal a fatal blow to financial secrecy. In my view, a world financial registry would thus be the most effective weapon for creating global financial transparency”.

Thomas Piketty, ICRICT Commissioner and Professor at EHESS and at the Paris School of Economic

“On private assets held in tax havens, the greatest opacity is still in force. The number of world's wealthiest people has continued to grow since 2008 at a much faster rate than the size of the economy, partly because they pay less tax than others. We continue to live in the illusion that we will solve the problem on a voluntary basis, by politely asking tax havens to stop behaving badly.

There is an urgent need to speed up the process and put in place strong trade and financial sanctions against countries that do not comply with strict rules. At the same time, a unified global asset registry must be set up”.

Eva Joly, ICRICT Commissioner and member of the European Parliament said:

“Transparency is key in the fight for more tax justice and against inequalities. The only ones that should be afraid of a Global Asset Registry are the white-collar criminals who currently benefit from a system where they can easily hide money. The GAR would strongly contribute to reinforce the fight against tax evasion and corruption at international level.”

ICRICT is a non-profit [group of economists, tax experts, human rights specialists and former senior officials](#) which works to promote debate on reform of international corporate taxation, in the global public interest. Our latest report, “[The fight against tax avoidance. BEPS 2.: What the OECD has achieved and what a real reform should look like](#)” [can be read here](#).

MEDIA CONTACT	:	LAMIA OUALALOU
		loulalou@gmail.com
		+ 52 1 55 54 08 09 74 (WhatsApp)