Tax Avoidance, Tax Competition and Globalisation: making tax justice a focus for global activism[i]

John Christensen and Sony Kapoor[ii]

Background

Hidden from the public eye financial capital has been completely reconfigured over the past thirty years in order to bypass nationally-based tax and regulatory regimes. Using the 70 plus tax havens dotted across the globe, wealthy individuals and transnational businesses have adopted highly aggressive tax avoidance strategies, whilst also forcing the governments of mainstream nations to engage in a harmful tax competition to attract direct and portfolio investment capital. The existing global framework for cooperation on tax affairs is totally inadequate to its task, and the political will to tackle this problem is virtually non-existent as governments acquiesce to pressures from financial capital. Whilst poor countries lose an estimated US$500 billion annually to dirty money flows, which includes tax avoidance and related capital flight, neo-liberal pressure groups in the United States have been lobbying against the OECD initiative to stem harmful tax competition. Civil society is now mobilising to counter the tax avoidance industry and to challenge the idea that tax competition can play a useful role in development strategy.

Introduction

The growth of the offshore finance industry during the 1970s and 1980s coincided with, and to a considerable extent has catalysed, the current era of globalisation, which is characterised by a far higher degree of mobility of capital than of labour. This greater mobility is due to a combination of economic liberalisation (the removal of exchange controls and bank deregulation) and technological change, the latter enabling virtually instantaneous transfer of funds across the globe. Capital's ability to cross borders without restriction has left nationally based tax systems struggling to protect themselves from tax avoidance by high net worth individuals and profits-laundering by transnational businesses. At the same time tax competition has led to many governments cutting tax rates on income earned by non-residents in order to attract portfolio and foreign direct investment. Faced with this dual threat to their tax revenues, governments in developed and developing countries have increasingly resorted to shifting the tax burden from capital to labour, despite this being in most instances both regressive and counter-productive

i The views expressed in this paper are those of the authors and do not necessarily represent those of the Tax Justice Network.

ii John Christensen coordinates the International Secretariat of the Tax Justice Network – a global civil society organisation (www.taxjustice.net). Sony Kapoor is an Economic Adviser to the Tax Justice Network.

from an employment creation perspective. Furthermore, in response to mounting fiscal pressures governments have cut and privatised services, and are rapidly retreating on their commitments to welfare provision.

Investment decisions are influenced by transnational corporations' (TNCs) ability to extract tax and regulatory concessions from competing governments, leading to profound market distortions which undermine the assumptions of the global trade model (Gray,1998: 82). This largely explains why the theoretical benefits of integrating poor countries into global trade have not materialised into reality. In practice the combination of capital flight, rapid repatriation of profits, high levels of state subsidy to attract investment and systematic tax avoidance have eroded the potential benefits of financial transfers from rich countries to poor.

The volume of financial transactions that are routed via the offshore arena has grown to such an extent that it can no longer be considered marginal to the global economy and it is therefore necessary on grounds of economic efficiency alone that offshore finance is made more transparent and subject to effective scrutiny and regulation. Most tax evasion and avoidance schemes, including profits-laundering techniques used by major corporations involve the use of offshore trusts, foundations, charities, holding companies, international business corporations, special purpose vehicles, and artificial transactions. As one tax expert described it:

> "I have never come across any reason for people to set up an offshore trust other than to avoid tax." (*The Times*, 10 July 2000)

The rise of the tax avoidance industry has coincided with a trend towards using tax competition as a strategy for attracting inwards investment, with widespread use of export processing zones, tax holidays, accelerated depreciation rates, fiscal subsidies and preferential tax terms. For example, prior to making its investment in the Kenkola Deep Mine in Zambia, the mining giant Anglo-American Corporation lobbied extensively to secure a preferential tax rate of 25 per cent in place of the standard rate of 35 per cent. Despite the fact that in practice these fiscal strategies cause market distortions, they have nonetheless been widely supported by economists such as Milton Friedman, who argues that:

> "Competition among national governments in the public services they provide and in the taxes they impose is every bit as productive as competition among individuals or enterprises in the goods and services they offer for sale and the prices at which they offer them."
> (http://www.freedomandprosperity.org/ - accessed 18 October 2004)

This is a questionable proposition, not least since ordinary citizens are in no position to choose from amongst governments of different countries to provide their public goods and services. Furthermore, to propose – as some have done - that tax havens can act as legitimate sources of competition for mainstream nation states both misunderstands the nature of competitive markets and raises profound issues about the sustainability of democratic forms of government. To be able to meet their commitments to welfare provision and development programmes in the face of the fiscal pressures of globalisation, governments will need to cooperate in order to limit the scope for tax competition, whilst at the same time retaining their ability to determine the size and nature of their state sector through the normal democratic processes (Avi-Yonah, 2003). Furthermore, the myth that tax breaks for business will strengthen an economy in the longer term is not supported by hard empirical evidence. A study by an American think tank finds:

> 'little grounds to support tax cuts and incentives – especially when they occur at the expense of public investment – as the best means to expand employment and spur growth. Tax increases used to enhance public services can be the best way to spur the economy. By stimulating growth, generating jobs, and providing direct benefits to residents, improvements in state and local public services can be one of the most effective strategies to advance the quality of life of citizens.' (Economic Policy Institute, 2004)

At the micro-level of the firm the willingness of some businesses to engage in aggressive tax planning means that company directors who prefer to adopt ethical policies in respect of paying taxes in the jurisdictions in which their companies operates will place their shareholders at a distinct commercial disadvantage. This reveals a major new area of concern for the Corporate Responsibility (CR) agenda, which until recently had not even questioned companies in the area where their corporate citizenship is most tangible and most important – the payment of tax. This paper argues that the adoption of a General Anti-avoidance Principle would guide the Courts in interpreting the intentions of the legislature with regard to tax avoidance, and thereby assist directors in understanding their duties on tax payment, and that in the context of their CR programmes TNCs should adopt clear standards in the area of taxation.

Tax havens and the global shadow economy

The scale of tax avoidance activity can be described as a shadow economy operating in the majority of globalise sectors, including and especially, the extractive industries, banking and finance, aviation, shipping, communications, pharmaceuticals, media, traded commodities and the weapons industry. The secretive nature of this type of activity renders it impossible to accurately quantify the scale of this shadow economy, but the following estimates give some idea of its possible scale:

- At least half of all world trade appears to pass through tax havens, even though these jurisdictions account for only about 3 per cent of global GDP;

- The UK government estimates that 60 per cent of international trade consists of intra-company transactions, i.e. firms trading with themselves and much of this is passed through tax havens which charge low or zero rates of tax on profits (The Economist, 2004). The transactions involved are frequently on paper only, the goods and services involved actually going nowhere near the territories in which they are supposedly transacted;

- The value of assets held offshore, either tax-free or subject to minimal tax, is estimated at US$11 trillion (€9.2 trillion), which is over one-third of global GDP;

- In the mid-1970s there were about 25 tax haven jurisdictions. In 2003, the International Monetary Fund identified more than 60 tax havens and offshore finance centres, and other sources identify as many as 73;

- Demand has been fuelled by the growth of the number of high net worth individuals and by the rapidly increasing number of companies operating on a multinational basis. In the case of the latter, according to UNCTAD data in the early 1990s there were about 37,000 international companies with 175,000 overseas subsidiaries. By 2003, there were about 64,000 companies with 870,000 subsidiaries (The Economist, 2004).

- The volume of funds that pass through tax havens annually is estimated at some US$7 trillion, approximately equivalent to the value of global trade in goods and services. This sum is greater than the value of goods and services traded through the havens, the difference being transactions of a purely financial nature (Oxfam, 2000);

- Offshore companies are being formed at the rate of about 150,000 per year, and are now numbered in the millions (http://www.finor.com/en/tax_havens_history.htm accessed 12 March 2003). This figure does not include the huge number of trusts and foundations that have been established offshore over the past seventy or eighty years.

In summary, the offshore finance economy is neither a minimal or transitory phenomenon. Despite the absence of references to tax havens or offshore finance centres in mainstream economic analysis, their activities take place in the inner-heartland of corporate activity and they represent a significant and deeply embedded part of globalised capitalism (Hampton, 1996). Tax havens share a number of defining characteristics, most importantly low or zero tax rates on offer to non-residents and transaction secrecy. Tax havens have been described by a former Director of Fiscal Affairs at the International Monetary Fund as 'fiscal termites' (Tanzi, 2000), and their role has been 'the cornerstone of the process of globalisation' (Palan et al, 1996: 180), enabling TNCs to remove themselves either partially or wholly from nationally based tax and regulatory regimes. Furthermore, aggressive tax avoidance by transnational companies (TNCs), which are able to make extensive use of tax havens and offshore finance centres, has eroded the integrity and equity of existing tax structures; increased the administrative burden of revenue collection; and widened income disparities within and between nation states (Christensen and Hampton, 2000).

Whilst the tax avoidance industry is clearly damaging to the interests of developed countries, harmful tax practices are an even greater problem for economies in transition and developing countries. In the absence of powerful and sophisticated tax authorities like the US Inland Revenue Service, it is relatively easy for TNCs and national business and political elites to erode the potential tax base, and western banks and finance businesses profit greatly from facilitating and sheltering this process. According to one leading development NGO, the revenue losses to developing countries from the effects of tax competition and from non-payment of tax on flight capital amounts to at least US$50 billion annually (Oxfam, 2000: 2). This is a conservative estimate that does not include losses due to tax evasion and transfer-pricing. It does, however, include the tax loss resulting from non-taxation of capital gains, the granting of tax holidays, inward investment tax incentives and other techniques, most of which have been introduced under pressure from large corporations that threaten to withhold inward investment unless tax incentives are given.

Cumulatively, tax avoidance and the associated issues of capital flight and corruption have a massive impact on developing countries, with roughly US$500 billion in dirty money being estimated to flow out of poorer countries (Baker & Nordin, 2004) The resulting impact on developing countries and the transition economies is immense, compelling many of these countries to incur debt on the financial markets to fund revenue and capital expenditure that would otherwise be less expensively funded from tax revenues.

Tax competition: who wins, who loses?

Capital mobility enables TNCs to choose between different jurisdictions according to the preferential tax terms and other benefits on offer (Boskin et al, 1987). The result of this process of tax competition is that countries, particularly developing countries, have eroded their potential tax base, resulting either in a transfer of the tax burden to labour and consumption, which in both cases is socially regressive, or in a net reduction in the revenues available to the state to invest in social and physical infrastructure.

Whilst the World Trade Organisation has deployed enormous political pressure to pursue the trade and fiscal liberalisation agenda of the Washington Consensus, there has been insufficient political commitment to the re-modelling of international tax policies in respect of information exchange and definition of the international tax base. This has opened up possibilities for businesses to exploit the legal vacuum that exists between nation states by making use of Offshore Finance Centres (OFCs) to engage in aggressive tax avoidance strategies involving transfer pricing, thin capitalisation, re-invoicing, corporate inversions, special purpose vehicles, and the use of dubious trusts, foundations and charitable entities. OFCs – typically located in tax haven economies – provide a relatively secure enabling environment of political, judicial, fiscal and secrecy space (Hampton, 1996), and have demonstrated their preparedness to sell their sovereignty (Palan, 2002) in pursuance of their client's interests.

The ability of TNCs to structure their affairs via OFCs provides them with a significant tax advantage over their nationally based competitors. National competition, no matter whether it is more technically efficient or innovative than its TNC rival, will be competing on an uneven playing field. In practice, of course, this differential tax treatment favours the large business over the small one, the international business over the national one, and the long-established business over the start-up. It follows, simply because most businesses in the developing world are smaller and newer than those in the developed world and typically more domestically focussed, that this inbuilt bias in the tax system now favours developed world multinational businesses over their domestic competitors in the developing world.

The logic of this uneven competition requires either that all businesses must move offshore in order to compete on a level basis, or that onshore tax authorities adjust their tax regimes to place a greater burden on other factors of production (particularly labour) and onto consumption, as has been the trend in many countries over recent decades. In Brazil, for example, between 1995 and 2001 the employee's income tax rate rose by 14 per cent and social security contributions by 75 per cent. Tax on profits, however, were reduced by 8 per cent over the same period. The regressive nature of Brazil's tax regime has been magnified by a value-added tax regime that biases the tax burden towards lower income households, which pay approximately 26.5 per cent of their disposable income on VAT whilst high income households pay 7.3 per cent of their disposable income on VAT (source: UNAFISCO, Brazil).

Proponents of tax competition argue that tax havens provide a counter-weight to high tax / high spending regimes. From their perspective tax competition between jurisdictions extends the disciplines of market competition into the democratic process, forcing nations to compete with one another to attract 'customers' according to their tax and service delivery record. Setting aside the issue of whether it is appropriate for tax havens to act as disciplinary agents in this way, it is vital to question how competition of this type impacts upon democratic processes and to challenge the notion that it is possible to extend the competitive theory of the firm to the political economic sphere of nation states, which manifestly cannot and do not compete with one another in the provision of public services and infrastructure to their citizens.

The free market tax competition model assumes that all tax-paying citizens and businesses are perfectly mobile and therefore able to migrate between different jurisdictions according to preference. Ironically the majority of tax havens have adopted elaborate defence strategies to prevent such migratory flows, but the otherworldliness of the perfect mobility assumption has not deterred these arguments in defence of the 'discipline' imposed by tax havens. The counter-argument notes that microstates like the British Channel Island of Jersey (population circa 90,000) will inevitably be able to underbid major nation states like India (population circa one billion) by offering non-resident businesses tax rates on profits booked in Jersey of zero per cent.

Competition on such an uneven basis is not sustainable and the evidence of the long-term downwards trend in the corporate income tax rates of the OECD countries supports the widespread concern about states being engaged in a race to the bottom in their tax affairs. In 1996 the average OECD corporation tax rate was 37.5 per cent. By 2003 it was 30.8 per cent. In recent years the downwards trend in corporate tax rates has been particularly notable in Eastern Europe. Between 2003 and 2004, for example, Poland, Slovakia and the Ukraine reduced their corporate tax rates by 29.6 per cent, 24 per cent and 16.7 per cent respectively, though they have not yet reached the position of Estonia where the corporation tax rate is zero per cent, and once direct and indirect subsidies are taken into account many businesses are net recipients of considerable transfers from taxpayer funds.

Tax competition between states can be economically harmful in a number of ways:

- Tax competition shifts the tax burden between different factors of production and between different types of economic activity, thereby increasing the costs of labour in relation to capital and encouraging short-term speculative activity to the detriment of fixed, long-term investment;
- The greater mobility of high net worth individuals and TNCs enables them to make full use of offshore tax vehicles, thereby undermining the integrity and equity of tax structures and creating a free-rider economy;
- The use of elaborate and typically aggressive tax avoidance structures increases the administrative burden of revenue collection;
- And perhaps most importantly, widespread tax evasion and avoidance increases income disparities within and between nation states, and is symptomatic of the withdrawal of wealthy elites from their economic and social obligations.

At best the benefits to developing countries of tax competition are questionable. A study published in 2003 by consulting firm McKinseys concluded that fiscal inducements offered by four major developing countries – China, Brazil, Mexico and India – had negative and unintended consequences:

> 'Without materially affecting the volume of investment in most cases, popular incentives such as tax holidays, subsidized financing or free land, serve only to detract value from those investments that would likely be made in any case.' (McKinsey, 2003)

Which begs the question, why do governments persist with offering fiscal inducements when the evidence suggests that good social and physical infrastructure, an educated workforce, and stable social and economic conditions are a more important pre-requisite for investors? The answer lies with the fact that governments are under immense lobbying pressure, particularly from business consulting firms, to offer tax incentives in order to attract inwards investment. In general it can be assumed that governments would prefer to refrain from offering tax incentives if there was agreement to avoid this process of undercutting one another by granting such incentives (Avi-Yonah, 2000).

In addition, intense competition between developing countries (the majority of which have under-resourced tax departments) enables TNCs to exert their considerable political influence to secure preferential tax treatment. This also opens up space for corrupt practices, as is alleged to have happened in Nigeria, where multinational oil services giant Halliburton stands accused of bribing tax officials.

Tax havens and offshore finance centres (OFCs) justify their existence by claiming to act as conduits for investment flows through the international capital markets, but this assertion fails to stand up to scrutiny. Why, in this age of virtually frictionless electronic capital flows, should investments - whatever their destination - need to be routed via tax havens and OFCs other than to hide their origins or obtain distorting tax or regulatory advantages?

Many OFCs came into being as a result of their usefulness for circumvention of exchange control regulations. Much of the capital routed via the offshore circuits is 'laddered' through successive OFCs for money- laundering purposes. A significant proportion is flight capital from economies such as Russia, Brazil, Indonesia, Nigeria and the Congo. According to an estimate prepared in the late-1990s, 60 per cent of the trade transactions into or out of Africa are mis-priced through abusive transfer-pricing and re-invoicing techniques by an average exceeding 11 per cent, resulting in a capital flight component of 7 per cent of African trade, totalling US$10 to 11 billion annually in 1999 prices. In a similar vein, the *Financial Times* has estimated that capital flows into and out of the Russian economy throughout the 1990s were such that for every dollar of inwards investment 20 dollars flowed out via offshore bank accounts.

The overall impact on less developed countries of capital flight, including the proceeds of tax evasion, fraud, mis-appropriation, and corruption is immense, and very few of these nations have the means to pursue lengthy investigations in offshore jurisdictions that provide an almost impenetrable secrecy space and are notoriously unwilling to cooperate with external authorities other than in circumstances where they are able to furnish advance evidence of the OFC having been used for criminal activity. As was argued in the *Financial Times* in October 2004:

> 'a full, unflinching look at how dirty money sustains worldwide poverty would pay very rich dividends.' (Baker, 2004)

The Social Irresponsibility of Tax Avoidance

Paying taxes is perhaps the most fundamental way in which private and corporate citizens engage with broader society. It is therefore curious that tax minimization through elaborate and frequently aggressive tax avoidance strategies is regarded as one of the prime duties that directors are required to perform on behalf of their shareholders. It is even more curious that the debate about corporate responsibility (CR), which has touched on virtually every other area of corporate engagement with broader society has scarcely begun to question companies in the area where their corporate citizenship is most tangible and most important – the payment of tax.

Compelled by the profit logic, and supported within the Anglo-Saxon legal system by an outdated legal principle which encourages wealthy people and company directors to organize their affairs in such a way as to pay the least tax possible under the law, the majority of TNCs have been structured so as to enable tax avoidance in every jurisdiction in which they operate. In April 2004, for example, the US General Accounting Office revealed that 61 per cent of US corporations had paid no federal income tax during the boom years of the late-1990s. A typical defence of this situation was given by P.J. Henehan, a senior tax partner with the accounting and consulting multinational Ernst & Young, who states that –

> "Tax is a cost of doing business so, naturally, a good manager will try to manage this cost and the risks associated with it. This is an essential part of good corporate governance." (Irish Times, March 2004)

We dispute this assertion on a number of grounds:

Firstly, tax cannot be considered as a normal cost of production of either goods or services since tax avoidance does not in any way lead to improved production efficiency (the term 'tax efficiency' used by the tax accounting practitioners is intentionally misleading in this respect). Directors who pursue aggressive tax avoidance strategies automatically place businesses that adopt an ethical stance on tax at a commercial disadvantage even if their production processes are technically more efficient.

Secondly, paying tax can only be regarded as a business risk when directors choose to adopt aggressive tax planning strategies, and the comment is revealing of a cavalier attitude towards social responsibility.

Thirdly, directors who take medium or high risk tax avoidance strategies do so in the knowledge that this will inflate price / earnings ratios, and that intervention by tax authorities is likely to lead to a downwards re-valuation. In most cases they claim to be able to manage this risk by making appropriate provision for deferred taxation, but this possibility is not even understood by investment analysts, which introduces the possibility that the pension funds of tens of millions of people have been systematically over-valued. This cannot therefore be regarded as 'an essential part of good corporate governance.'

Fourthly, the CR agenda is driven by demand for an ethical approach to doing business. It is not possible to be ethical in one area of business conduct and to act otherwise in another area, and companies that function in this way reveal a disconnect in their core organizational values.

Research by PricewaterhouseCoopers (PWC, 2003) has identified corporate governance as an important area of concern for institutional investors, with issues such as reduction of corruption, collusion, nepotism; inadequate disclosure and insufficient transparency of financial statements; inadequate enforcement of existing rules, and a lack of clear separation of company ownership and management, all being seen as key areas of institutional concern. Nonetheless, the seemingly related areas of compliance with taxation obligations, not using aggressive tax avoidance techniques and transparency of reporting of tax planning measures are not mentioned in the PWC report on good governance. Nor are they mentioned in the AA1000S Assurance Standard, launched in March 2003 by UK-based AccountAbility to promote corporate accountability for sustainable development.

The times they are a-changing, however, with concerns being raised within the City of London about systemic investment risk arising from aggressive tax avoidance practices. In July 2004 Henderson Global Investors, a fund manager, raised the issue by writing to the Chairmen of all the companies in the FTSE350 index to enquire about their policy on tax avoidance and ask whether their approach to tax avoidance could be defined as low-, medium- or high-risk.

Remedying the systemic failures

Policy measures are required to redress the distortions that have arisen as globalising companies have left nationally based tax regimes floundering. Multinational companies make use of aggressive tax planning strategies because they are able to operate in the legal vacuum that exists between nation states, and because the current regimes for handling the use of transfer pricing mechanisms and for countering the use of thin capitalisation strategies have proved to be inadequate in tackling globalised business, particularly those operating in developing countries (Plender, 2004).

The activities of tax havens and offshore finance centres can no longer be ignored. They have become what a recent United Nations report has described as "an enormous hole in the international legal and fiscal system." (UN, 1998) The rapid integration of the global financial services industry has increased the need for the international community to address the issue of whether it is acceptable for sovereign states and their dependent territories to provide the means for non-resident citizens and corporate entities to circumvent the tax and regulatory regimes of their own countries.

The only way to effectively counter harmful tax practices is through global initiatives (Hampton and Christensen, 2003). A multilateral framework is therefore required that will balance the need for sovereign states to protect their tax revenues from aggressive tax avoidance with a respect for the right of democratic governments to determine a tax rate appropriate to their circumstances. At the same time measures are required that will empower governments to stem their tax losses and to resist pressure from transnational corporations to degrade their tax regimes. The United Nations General Assembly signalled a move in this direction in December 2003 when it decided to move towards the creation of an inter-governmental commission to re-orient the international tax policy framework.

Agreement is needed at a global level to define minimum standards of transparency and disclosure by companies and to enable the development of wider networks of cooperation extending beyond the OECD to all developing countries and transition economies. A first step in this direction would be an agreement for automatic information exchange between tax authorities across the world, which would go far beyond the current initiative being pursued by the OECD. In addition, the introduction of a globally agreed base for accounting on a worldwide basis would provide a platform on which a common procedure for assessing the profits of companies can be built. This would eliminate tax loss due to different accounting bases being used whilst still allowing individual states to set their own rates and allowances, as is vital for the democratic process (Christensen & Murphy, 2004).

Alongside such statutory measures, however, new guidelines are needed to overcome the culture of tax minimization. A major step towards reversing the general trend towards corporate tax avoidance would be the adoption into tax law of what are commonly called General Anti-Avoidance Principles (GAAP). These provide tax authorities with the power to consider whether the main purpose, or one of the main purposes, of any transaction is the avoidance or reduction of a tax liability and, this being the case, to allow the authorities to assess the person who has undertaken it to additional tax in order to counteract the avoidance or reduction of liability that they sought to achieve. Placing a GAAP on the statute book would signal the legislature's intention that courts should go beyond the prevailing rules of statutory construction in tackling tax avoidance schemes that are abusive of the wording of the legislation, a move which has support from the KPMG Professor of Taxation Law at Oxford University:

> The developing pressures on corporate taxpayers as part of the movement for greater corporate social responsibility will have a part to play, since tax-related behaviour may have an impact on reputation. Corporate governance mechanisms will only operate effectively to control taxpayer behaviour, however, within a framework giving clear legal direction. (Freedman, 2004)

There are clear advantages to such provisions. Firstly, as stated above, tax authorities would have a measure that allows them to enforce both the letter and the spirit of the law. This latter point is important since persistent and aggressive tax avoiders normally seek to exploit the loopholes that any legal wording makes inevitable.

Secondly, since a GAAP effectively outlaws transactions whose sole or principal purpose is to avoid tax, such transactions shift from the legal activity of tax avoidance into the illegal activity of tax evasion.

Corporate governance standards should be widened to encompass taxation, introducing requirements to publish all necessary accounting information and to refrain from the use of profits-laundering vehicles created without substantial economic purpose. Businesses should list the countries in which they and all their affiliates trade, how much profit is derived from activities in each of these countries, and where these profits are booked for tax purposes, indicating any special purpose vehicles that are used, and the extent of tax avoidance arising from the use of 'novel tax planning ideas.' Only in this way can the relevant stakeholders, including governments, shareholders, pension fund managers, employees and the general public obtain the data they need to determine whether the organizations that dominate the globalised economy are acting as good corporate citizens.

References:

Avi-Yonah, R. (2000) 'Globalization, Tax Competition and the Fiscal Crisis of the Welfare State', *Harvard Law Review* 13:1573.

Avi-Yonah, R. (2003) *'Globalization and Tax Competition: implications for developing countr*ies' conference paper presented to the 11th meeting og the United Nations Ad Hoc Group of Experts on International Cooperation in Tax Matters, Geneva, 15-19 December

Atkinson, D., (2001) 'Revenue's let-off for big business' *Mail on Sunday*, 2 March

Baker, R. & Nordin, J. (2004) 'How dirty money binds the poor' *Financial Times,* 13 October

Boskin, M.J. and W.G. Gale (1987) 'New Results on the Effects of Tax Policy on the International Location of Investment', in Feldstein (ed) *The Effects of Taxation on Capital Accumulation.*

Christensen, J. and M.P. Hampton (2000) '*The Economics of Offshore: who wins, who loses?'* The Financial Regulator, 4(4) 24-26.

Christensen, J. and Murphy, R. (2004) *'The Social Irresponsibility of Corporate Tax Avoidance: Taking CSR to the bottom line'* Development, Society for International Development, Palgrave-MacMillan, Volume 47, no.3, pp37-44

Economic Policy Institute (2004) *'Rethinking Growth Strategies'* EPI Books, March

Fine, P. (2004) 'Tax havens exploited by US businesses' *Accountancy Age*, 9 March.

Freedman, J. (2003) 'Tax and Corporate Responsibility' *The Tax Journal*, 2 June.

Freedman, J. (2004) 'Defining Taxpayer Responsibility: in support of a General Anti-Avoidance Principle' *British Tax Review*, No.4

Gray, J. (1998) *False Dawn: the delusions of global capitalism*. London: Granta.

Hampton, M.P. (1996) *The Offshore Interface: tax havens in the global economy*. Basingstoke: MacMillan.

Hampton, M.P. and J. Christensen (2003) 'A Provocative Dependence? The global financial system and small island tax havens', Cochrane, F., Duffy, R., and Selby, J, (eds) *Global Governance, Conflict and Resistance*, Basingstoke: Palgrave Macmillan.

Hines, J.R. (1999) 'Lessons from Behavioural Responses to International Taxation', *National Tax Journal*, 52:305.

Hutton, W. (2002) *The World We're In*, Little, Brown, London.

Johnston, D.C. (2003) 'Tax Moves by Enron Said to Mystify the IRS' *New York Times*, 13 February.

Lasch, C. (1995) *The Revolt of the Elites*, New York: Norton.

Mitchell, A., Sikka, P., Christensen, J., Morris, P., and Filling, S. (2002) *'No Accounting for Tax Havens'*, Association for Accountancy & Business Affairs, Basildon, England

Murphy, R. (2004) ' Location, location' *Accountancy*, March.

Oxfam GB, (2000) '*Tax Havens: Releasing the hidden billions for poverty eradication'*, briefing paper, Oxford, June.

Palan, R., J. Abbott and P. Deans (1996) *State Strategies in the Global Political Economy*, London: Pinter Press.

Palan, R., (2002) Tax Havens and the Commercialisation of State Sovereignty, *International Organization*, Vol.56(1) pp 151-176

Plender, J., (2004) How companies keep tax low within the law' *Financial Times*, 20 July

PriceWaterhouseCoopers (2003) '17% premium for good governance' *World Watch*, Issue 1

Sikka, P. (2003) 'A Taxing Account of Corporate Social Responsibility' *The Guardian*, 17 November.

Sikka, P. (2004) 'Nobody is called to Account' *The Guardian,* 6 February.

Tanzi, V. (2000) *Globalization, Technological Developments and the Work of Fiscal Termites,* Washington DC, International Monetary Fund (WP/00/181).

The Economist (2004) 'A Taxing Battle,' 31 January.

United Nations Office for Drug Control and Crime Prevention (1998) *Financial Havens, Banking Secrecy and Money Laundering*, Vienna, United Nations