ICRICT
Independent Commission for the Reform of International Corporate Taxation

PRESS RELEASE

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ICRICT's study of asset ownership information available in the UK: a stepping stone towards a Global Asset Registry

Wealth inequality poses serious risks to economies, to societies more broadly, and to the functioning of democracies. And yet the actual magnitude of wealth inequality is unknown because of the deep financial secrecy that surrounds it. It also allows individuals and entities to hide proceeds of corruption, engage in money laundering and the financing of terrorism, or to evade taxes.

This financial secrecy means that authorities have no comprehensive knowledge about who owns what, whether they obtained it through legal means and funds, and whether applicable taxes have been paid. Moreover, local and international authorities that do have access to information, usually work in silos, without cooperating or sharing information with each other.

A crucial tool to tackle all these issues would be to have a national or interconnected register of assets, to allow information to be complete, verified, and used by the right authorities or people.

ICRICT has been working on the concept of a Global Asset Registry since 2018. It held a conference in New York in September of 2018 to discuss a roadmap to a Global Asset Registry, as described in this declaration. A workshop to develop further the concept of a Global Asset Registry took place at the Paris School of Economics on 1-2 July 2019 as described by this brief.

As part of the roadmap towards the development of a Global Asset Registry, ICRICT is undertaking a first research pilot on the UK to understand the possibilities and requirements to set up local interconnected asset registries within each country. These could eventually evolve into a Global Asset Registry.

Today ICRICT is releasing its first scoping study of asset ownership information available in the UK, which could be the stepping stone for a national asset register and eventually towards the Global Asset Registry.

This scoping study analyses current collection and publication of information in the UK for several types of tangible and intangible assets including: land and property, rural land, cars, yachts, private jets, gold and precious metals, arts and antiques, jewellery, cash, racehorses, livestock, bank accounts, non-listed stock, listed securities, crypto-assets (e.g. bitcoins), intellectual property and extractive licences. It also describes the level of details available for each type of asset (legal or beneficial ownership, price or value information and whether it is publicly accessible or not), the number of registers of each category, loopholes affecting their scope, and available statistics for each type of asset.

Finally, the study includes **ten general proposals** on how asset ownership information could be improved, including the publication of statistics on information considered confidential.

This scoping study is published **as a working paper inviting comments** from the general public on its findings and proposals, including questions on the scope of assets that should be subject to registration, their level of details, who should have access to that information, who should hold it, potential uses and how the data could be verified. The comments provided will assist ICRICT in the development of a final proposal in 2020. Interested parties are invited to send their comments no later than Thursday, 31 January 2020 to icrictsecretariat@gmail.com.

Please find our "Pilot study for a UK Asset Registry–Phase 1" here and our "Roadmap on Global Asset Registry" here.

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 billion euros in 2015.
- 63% of the foreign profits made by US multinationals are shifted to tax havens.
- 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, by our estimates, around 60% of the wealth of the richest households is held offshore.
- 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%.

- 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.).

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".

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".

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".

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ABOUT ICRICT:

The Independent Commission for the Reform of International Corporate Taxation (ICRICT) aims to promote the international corporate tax reform debate through a wider and more inclusive discussion of international tax rules than is possible through any other existing forum; to consider reforms from a perspective of public interest rather than national advantage; and to seek fair, effective and sustainable tax solutions for development.