



PRESS RELEASE

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ICRICT about the Pandora Papers: It is time for governments to really keep their promises to end the abuse of tax havens and ban tax secrecy on individuals, offshores and multinational corporations. And this starts now with a real reform of the international taxation of multinationals.

The International Consortium of Investigative Journalists ([ICIJ](#)) has just published a new report today exposing how wealthy individuals use tax havens to avoid paying their fair share of tax and cheat the system. Thanks to the remarkable work of whistleblowers and journalists, the Pandora papers reveal the inner workings of what is a shadow financial world, providing a window into the hidden operations of a global offshore economy that enables some of the world's richest people and multinationals to hide their wealth and in some cases pay little or no tax.

It is time for governments to really keep their promises to end tax havens abuses, ban the secrecy of such jurisdictions, end impunity and reform the global tax architecture. And this must start now with a real reform of the international taxation of multinationals, serving the interests of all countries, developed and developing ones.

ICRICT considers that a comprehensive reform would see ALL multinationals' worldwide profits taxed in line with their real activities in each country - that is, by allocating global corporate profits of multinationals to different countries on a formulaic basis, according to the key factors that generate profit: employment, sales, and assets. We also need an ambitious global effective minimum tax on multinationals, much higher than the 15% now on the table, and as close as possible to the 25 % that ICRICT advocates, to put an end to harmful tax competition between countries and reducing the incentive for multinationals to shift profits to tax havens.

[José Antonio Ocampo](#), Professor at Columbia University and ICRICT Chair said:

“Tax avoidance and evasion tend to reduce government revenues, but they have also generated a shift in the composition of taxes towards indirect taxes, especially in developing countries, which have clearly contributed to increasing the regressivity of the system.

The most effective way to put an end to tax havens would be to adopt what could be a truly historic international agreement. In concrete terms, this means seeing all multinationals' worldwide profits taxed in line with their real activities in each country through formulary apportionment, and the world adopting an ambitious 25% global effective minimum tax on multinationals”

[Gabriel Zucman](#), associate professor of economics at the University of California, Berkeley, and a member of ICRICT said:

« It seems obvious that shell companies — corporations with no economic substance, whose sole purpose is to avoid taxes or other laws — should be outlawed. And the way to get there is not terribly

complicated — through a global agreement. And the main obstacles to ending shell companies are not the British Virgin Islands or Vanuatu, which can probably be compelled to join such an agreement. The main obstacles are groups of people in the US and in Europe using tax havens governments as an excuse. The key point is that this excuse makes little sense.

There is a significant risk that more and more voters, falsely convinced that globalization and justice are incompatible, will fall victim to protectionist and xenophobic politicians, and end up destroying globalization itself”.

Eva Joly, ex-Member of the European Parliament and a member of ICRICT said:

“The IPCC report on climate change just reminded us that unless we act quickly and urgently, life on earth as we know it is doomed. Yet, there is still a window of opportunity to avoid the worst, and the Pandora Papers show to the world, once again, that the money exists to finance this huge effort, and that we must go and find it where it is: in the accounts of multi-millionaires and multinationals hidden in tax havens.

With 140 countries currently participating in international tax negotiations under the OECD-G20 umbrella, we now have an unprecedented opportunity to put an end to the raison d’être of tax havens. It is time to demonstrate real ambition, by adopting a global minimum tax on business much higher than the 15% currently envisaged. ICRICT's proposal of a 25% rate would put an end to the tax haven as a development model”

Read [our latest report](#), “The global pandemic, sustainable economic recovery and international taxation”.

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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.