

# Offshore havens 'declare war' on honest taxpayers

By Paul Lashmar

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The US Senate has accused the Isle of Man, the Cayman Islands and other offshore havens of facilitating tax evasion that costs other countries billions of pounds every year.

The accusations are made in a report by Carl Levin, chairman of the Senate Permanent Subcommittee on Investigations. He said: "I believe the findings are explosive: the report blows the lid off tax haven abuses that make use of sham trusts, shell corporations and fake economic transactions to help some people dodge taxes."

Senator Levin added that tax havens have "in effect declared war" on honest taxpayers.

The report, *Tax Haven Abuses: The Enablers, The Tools and Secrecy* - the result of a year-long investigation - criticises the Isle of Man and other offshore jurisdictions for their secrecy and lack of regulation.

One of Britain's leading tax experts, **Richard Murphy** of the University of Nottingham, said Senator Levin's attack was the latest in a growing number of complaints over offshore territories and the British Government's attitude towards them.

"Levin has highlighted what is really happening in the UK's tax havens and it's not pretty," he said. "They sell secrecy and sham that let people evade taxes that they would clearly owe but for the charade the haven provides."

"It's obvious the US has had enough of this, and it's going to be a serious embarrassment to the UK if we do nothing about it."

But a Treasury spokesman said: "The Government has effectively tackled both corporate and personal tax avoidance structures time and again. To suggest otherwise is misleading and inaccurate. On an international level the Government has consistently worked for greater openness and transparency in tax."

The Levin report also makes a series of recommendations aimed at making it harder for US citizens to use offshore accounts.