

TECHNICAL METHODOLOGY DOCUMENT

How Oxfam identified the world's worst corporate tax havens

Collecting tax is one of the key means by which governments are able to address poverty. But big business is dodging tax on an industrial scale, depriving governments across the globe of the money they need to address poverty and invest in healthcare, education and jobs. This document accompanies the policy paper *Tax Battles: The dangerous global race the bottom on corporate tax*. It sets out the methodology behind the paper and explains how Oxfam researchers formulated their ranking of the world's worst 15 corporate tax havens.

1 PURPOSE

The objective of this listing process was to distinguish corporate tax havens from other types of tax havens and to identify the most problematic global corporate tax havens (see comprehensive definition below). Most existing listing processes have focused on secrecy jurisdictions, which often facilitate private rather than corporate tax dodging. These lists have often been used by corporate tax jurisdictions to claim that 'they are not a tax haven'.

Oxfam wants to add to public understanding of the growing problem of corporate tax dodging that is facilitated by countries which are either providing tax incentives or facilitating harmful tax practices, including very low tax rates and/or not cooperating with international efforts against tax avoidance.

Corporate tax havens are particularly problematic for developing countries which rely more on corporate income tax (CIT) for financing their much-needed public services. Revenues from corporate tax generate around 20percent of total tax receipts in low-income and lower middle-income countries compared with just 10percent in higher income countries.¹ Taxing large and stable corporations is far easier for tax administrations in developing countries than collecting revenues from poorer individuals, the informal economy or fragmented smaller businesses. Corporate tax avoidance by multinationals in developing countries also means wealth generated by the poorest is often transferred to shareholders in rich countries.

Box 1: What is a tax haven?

Tax havens are jurisdictions or territories which have intentionally adopted fiscal and legal frameworks allowing non-residents (physical persons or legal entities) to minimize the amount of taxes they pay where they undertake substantial economic activity.

Tax havens tend to specialize and most of them do not tick all the boxes, but they usually fulfil several of the following criteria:

- They grant fiscal advantages to non-resident individuals or legal entities only, without requiring that substantial economic activity be undertaken in the country or dependency.
- They provide a significantly lower effective level of taxation, including zero taxation for natural or legal persons.
- They have adopted laws or administrative practices that prevent the automatic exchange of information for tax purposes with other governments.
- They have adopted legislative, legal or administrative provisions that allow the non-disclosure of the corporate structure of legal entities (including trusts, charities, foundations, etc.), or the ownership of assets or rights.

There are several types of tax havens. A pure secrecy jurisdiction, often used by wealthy individuals, may require a different approach than the corporate tax havens commonly used by big multinational companies. Oxfam decided to identify corporate tax havens in order to engage in a debate at global and domestic level as well as to ensure that adequate counter-measures are taken against the type of tax haven that particularly promotes or enables corporate tax avoidance.

Table 1: Tax havens – a diversified industry

| <i>Secrecy jurisdiction</i> | <i>Corporate tax haven</i> |
|--|--|
| Facilitating corruption, money laundering, and avoidance and evasion of taxes on the private wealth of individuals from other countries. | Facilitating avoidance and evasion of taxes on profits of multinationals generated by operations in other countries. |
| No effective exchange of financial account data or ownership data. | No corporate income tax or low overall corporate tax rate. |
| No information available about ultimate beneficial owners. | Special corporate tax regimes resulting in non-taxation of certain profits or low effective tax rates. |
| Legislation allowing secretive trusts and other opaque financial structures. | No effective exchange or tax rulings, country-by-country data, or other corporate tax data. |
| Features of corporate tax havens. | Features of secrecy jurisdictions. |

2 FIRST SCREENING PHASE

The process to identify the most damaging jurisdictions when it comes to corporate tax avoidance involved two stages. First, there was a pre-analysis of jurisdictions to decide which jurisdictions have features of a top corporate tax haven (first screening phase). Second, there was an in-depth screening of the jurisdictions identified in the first stage.

2.1 Which countries were assessed by Oxfam and why?

Researchers produced a compilation of countries on existing lists² of problematic tax jurisdiction, including secrecy jurisdictions and corporate tax havens. These compiled lists included 59 jurisdictions.³ Desk-based research on countries that were not on this list of 59, but, for example, had zero percent CIT, did not suggest that these other jurisdictions were likely to be used for corporate tax avoidance on the same scale as some of the jurisdictions already listed, and were therefore dismissed for the ‘quick scan’ (more information in annex 2).

2.2 First screening indicators

The following indicators were used to make a first selection (from the 59) of the most problematic corporate tax jurisdictions:

- Jurisdictions having a CIT rate equal or less than 50 percent of the global average rate of last 10 years (i.e. 12.5 percent). **This does not mean 12.5 percent is an acceptable norm, but rather aims to highlight countries significantly outside global norms.** (1 point)
- Jurisdictions where most US multinationals excess profits were located (see the study *Still Broken: Governments must do more to fix the international corporate tax system*⁴) and/or jurisdictions with gross intra-group debt assets above \$10bn and more than 20 percent of GDP.⁵ Regarding the estimates of excess profits, these indicate that US multinationals report a much larger proportion of their global profits in these countries than one would expect on the basis of their worldwide share of sales, employees, wages and tangible assets. These estimates are not available for a range of smaller economies, because the underlying data were not disaggregated for these countries. Therefore a second quantitative analysis uses intra-group loan data for all countries. Multinationals can use intra-group loans to shift profits between subsidiaries in different countries via interest payments. At this stage the aim was to identify countries that are large sources of intra-group loans to other countries. Intra-group loans of more than \$10bn indicate a country matters on a global scale. If such loans are equivalent to more than 20 percent of GDP, they are disproportionate for a normal economy. This combination warrants a more detailed analysis. (2 points)

- Jurisdictions where most multinationals hold subsidiaries, based on the following studies:
 1. *The Use of Tax Havens in the Ownership of Kenyan Petroleum Rights*, Oxfam in Kenya. The report reveals the widespread use of tax havens and low tax jurisdictions in the corporate structures of companies holding petroleum rights in Kenya.
<https://www.oxfam.org/en/research/use-tax-havens-ownership-kenyan-petroleum-rights>
 2. *La Ilusión Fiscal: Demasiadas sombras en fiscalidad de grandes empresas*. Study on subsidiaries of 35 largest Spanish listed companies in tax havens, Oxfam Intermón
<https://oxfamintermon.s3.amazonaws.com/sites/default/files/documentos/files/InformeLailusionFiscal2015.pdf> and
<https://oxfamintermon.s3.amazonaws.com/sites/default/files/documentos/files/Beneficios-para-quien.pdf>
 3. FTSE tracker, Action Aid 2013. https://docs.google.com/spreadsheets/d/1h-q1fz1-ORyd44wLdoKe_CHylKGUrpnZyMqQWhkHHD4/edit?pref=2&pli=1#gid=0
 4. *Offshore Shell Games 2016*. Citizens for Tax Justice. Study on the use of offshore tax havens by Fortune 500US companies.
http://ctj.org/ctjreports/2016/10/offshore_shell_games_2016.php#.WEbafdSLS9I

A high number of subsidiaries in jurisdictions can be a sign that the jurisdiction plays a role in tax structures aimed at acquisitions and avoidance of tax on capital gains. (1 or 2 points)

Through this first screening phase we identified the following countries:

- | | |
|---------------------------|-----------------|
| 1. Bahamas | 2. Hong Kong |
| 3. Barbados | 4. Ireland |
| 5. Belgium | 6. Isle of Man |
| 7. Bermuda | 8. Jersey |
| 9. British Virgin Islands | 10. Luxembourg |
| 11. Cayman Islands | 12. Mauritius |
| 13. Curaçao | 14. Netherlands |
| 15. Cyprus | 16. Panama |
| 17. Delaware* | 18. Singapore |
| 19. Guernsey | 20. Switzerland |

*We decided to not take Delaware through to the more detailed scoring and ranking of top corporate tax havens, because it is a separate jurisdiction with special regulation on corporate law, secrecy, and exemptions for local corporate income tax, but US federal corporate income tax still applies for profits that would be shifted into Delaware.

This first screening stage does not rule out the role of other jurisdictions acting as corporate tax havens or playing an important role in stimulating a regional or global corporate tax race to the bottom.

Rather, the purpose of this methodology is to identify the world's current worst corporate tax havens and to rank them. Desk research revealed that some other tax havens which did not make it to the second stage of our research do have an obvious reputation as a private wealth tax haven and/or regulatory haven for corporations, and/or as corporate tax havens for financial services, for example (Antigua and Barbuda, Labuan).

3 CRITERIA TO IDENTIFY AND RANK THE 15 MOST AGGRESSIVE CORPORATE TAX HAVENS

The following criteria were used to rank the most problematic tax havens in the second stage of our research (see summary overview in Annex 2):

1. Relatively large role as a corporate tax haven (up to three points)

Score for size of tax haven (max 2 or 3)

For each jurisdiction Oxfam looked at evidence of large-scale profit shifting. Oxfam used two studies⁶ to find this evidence, and evidence in just one study would be enough to give this score.

The first study looks at intra group loans. We differentiated countries as follows:

- Balance of 2014 intra-group loan of > \$10bn and >20 percent of GDP = 2 points.
- Balance of 2014 intra-group loan > \$50bn and 20 percent of GDP = 3 points.

The second study looks at profits shifting by US multinationals. We differentiate as follows:

- Inward profit shifting >\$5bn = 2 points
- Inward profit shifting >\$25bn = 3 points.

Countries which meet this criteria based on the first study are on balance large (or very large) sources of intra-group loans to other countries, in absolute terms and relative to their GDP. This means that they are large net recipients of intra-group interest payments from other countries. Such payments are an important channel for profit shifting. When self-reported data about inward and outward intra-group loans provided a different picture than mirror data reported by partner countries, a detailed data analysis was carried out to select the most reliable data source.

Note that some countries with intra-group loan assets well in excess of \$10bn and 20 percent of GDP also have large intra-group debt liabilities, and are therefore on balance relatively small sources of intra-group debt to other countries, or even net intra-group debtors. Two examples of this are Singapore, which is apparently a large corporate treasury hub with large loans from and to non-haven jurisdictions, and the British Virgin Islands, which seems used for secured debt structures to finance investments in China. Another example is Belgium, which has provided large intra-group loans to major economies such as the US, Germany and France. This suggests that Belgium is a key destination for interest payments out of these countries because of its notional interest deduction system. Yet Belgium has in turn received large intra-group loans from Luxembourg and may thus itself be suffering from profit shifting as well, with interest payments to Luxembourg reducing taxable profits from real business operations in Belgium. However, this could only be confirmed using firm-level micro-data (which we do not have access to); therefore, a conservative approach was taken and the balance of intra-group loans was considered only in this second stage.

2. CIT rate as a proportion of the global average rate (up to four points)

The current (not weighted by GDP) global average CIT rate is 23.63 percent.⁷

Considering the past 10 years, the average CIT rate is 24.9percent. Oxfam believes it is relevant to compare problematic jurisdictions to a global average rate, while taking into consideration the rapid decline of the nominal corporate tax rate. Therefore, the reference tax rate is set at **25 percent**, in order to highlight countries significantly outside global norms. Through this they can be seen to negatively influence the race to the bottom effect. Note that

this is just an indicator for the purposes of this report and is not intended as to establish what a fair corporate income tax rate should be.

Actually, nominal CIT has seen a dramatic decrease of 21 percent in less than 15 years, as In 2003, it was about 30 percent⁸, a clear signal to confirm the corporate tax competition is causing a tax race to the bottom.

Table 2: Global average corporate income tax rate for the last 10 years

| Corporate tax rate per region ⁹ | | | | | | | | | | | | |
|--|------|-------|------|-------|-------|------|------|-------|-------|-------|-------|--------------------------|
| Location | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Average of last 10 years |
| Global average | 27.5 | 26.95 | 26.1 | 25.38 | 24.69 | 24.5 | 24.4 | 23.71 | 23.64 | 23.87 | 23.63 | 24.9 |

Therefore, criteria used to link with the Corporate Income Tax [CIT] rate are the following:

- CIT rate equal or below 25 percent
- CIT rate equal or below 12,5 (50 percent of global average of last 10 years)
- CIT rate below 6,25 percent (25 percent of global average of last 10 years)
- CIT rate of 0 percent (or no CIT)

3. No withholding tax (law, not tax treaties) [up to one point]

Zero percent withholding tax on dividends to parent companies, interest on intra-group loans, royalties, technical and management service fees (two out of four: one point),

If a country does not levy withholding taxes, multinationals can easily move income out of a jurisdiction in various ways. This means that multinationals can use the jurisdiction as a conduit or to transform one type of income into another, and that low-taxed profits can be freely distributed to foreign parents.

4. Aggressive tax planning indicators- score for tax incentives (up to three points)

Some countries are notorious low-tax tax havens, while other tax havens enable corporations to reduce their effective tax rate through other fiscal policies. Inspired by the European Commission (EC)-commissioned study on aggressive tax planning indicators¹⁰ and by the information provided by tax advisors, the following provisions were screened:

- Existence of patent boxes.
- Excess profit ruling possible.
- Notional interests deduction possible.
- Other incentives.
- Zero percent CIT on business outside of the jurisdiction.

5. Lack of Controlled Foreign Company rules – CFC (up to one point)

CFC rules are a very important backstop measure against many corporate tax avoidance structures. CFC rules allow the home country of a multinational to tax profits of subsidiaries located in other countries that apply a significantly lower tax rate. If a home country has strong CFC rules, that makes it less attractive for a company to shift profits to tax havens, as they might be subject to taxation in the home country at a normal rate. Such rules might also discourage shifting profits from subsidiaries in developing countries to tax havens for companies headquartered in richer countries. A jurisdiction that does not have CFC rules facilitates tax avoidance abroad by offering a convenient location for parent companies of tax-aggressive

multinationals. For jurisdictions without corporate income tax or a zero percent tax rate, the CFC rules criterion is not applicable (instead, these jurisdictions get the highest score in the corporate income tax category).

6. Lack of commitment to international efforts against tax avoidance (up to two points)

- a. Negative score on criteria on transparency and exchange of information according to the OECD¹¹

OECD criteria 1: Implementation of the Exchange of Information on Request (EOIR) standard. The country receives a rating by the Global Forum on Transparency and Exchange of Information for Tax Purposes of 'largely compliant' or better regarding implementation of the EOIR standard. Effective EOIR is also relevant for the exchange of detailed information about tax rulings and other data related to corporate taxation.

OECD criteria 3: The implementation of the Automatic Exchange of Information (AEOI) standard. The country signs the Multilateral Convention on Mutual Administrative Assistance in Tax Matters or has a sufficiently broad exchange network providing for exchange of information on request and AEOI. The Multilateral Convention is also an important framework agreement for exchange of data related to corporate taxation.

(Note: **OECD criteria 2** concerns signatories to the OECD Common Reporting Standards, which is about the commitment to adopt *automatic exchange* of financial accounts information. This is relevant to tackling private wealth tax dodging, but not to addressing corporate tax avoidance.)

- b. Not committed to public registries of ultimate beneficial owners.

Governments must commit to establish a public centralized register of beneficial ownership that makes it clear who really owns all companies, foundations and trusts. Transparency of beneficial ownership is crucial to tackle tax haven abuse. It is essential that citizens and governments (both rich and poor) know what assets are owned offshore if they are to make sure that everyone is paying the right amount of tax. This will ensure that money cannot be moved around anonymously to avoid paying tax. The current behind-the-door practices not only facilitate corruption, but allow billions in tax revenues to slip away from the world's poorest countries. Public registers are vital to ensure that developing countries get access to the information, and to enable civil society to hold governments to account.

We gave one point for a combined lack of commitment to the above three elements.

- c. Lack of commitment to preventing tax treaty abuse; to addressing harmful tax practices including patent boxes; to mandatory spontaneous exchange of information on tax rulings; to requiring filing of standardized country-by-country reports by headquarters of large multinationals; or to exchanging such reports (considering the importance of country-by-country-reporting (CBCR) to discourage profit shifting, it is important that countries at the very least take the minimum steps agreed internationally so far.). Commitment is assessed through considering, for example, membership of the OECD Inclusive framework.

We gave one point when the country lacks commitments on the above element(s).

We give a more significant weight to adherence to the BEPS Inclusive Framework because, when in force, this will mean the adoption of treaty abuse measures and CBCR – both key measures to enable countries to prevent or address profit shifting.

With this scoring we have taken into consideration the willingness of countries to take part in ongoing multilateral processes as a sign of progress, but also the fact that many policies committed to are yet to be implemented/enforced. The score of max 2 is below the value given to the size of the tax haven (3) and half the maximum score for the current, actual policies of the countries (CIT/Incentives, max 4).

The scoring on the six indicators taken together resulted in the following top 15 corporate tax havens.

| Table 3: Top 15 | | Characteristics |
|-----------------|-------------------------------|---|
| 1 | Bermuda | 0 percent CIT, 0 percent withholding taxes, lack of participation in multilateral anti-abuse, exchange and transparency initiatives, evidence of large scale profit shifting. |
| 2 | Cayman Islands | 0 percent CIT, 0 percent withholding taxes, ¹² lack of participation in multilateral anti-abuse, exchange and transparency initiatives, evidence of large scale profit shifting. |
| 3 | Netherlands | Tax incentives, 0 percent withholding taxes, evidence of large scale profit shifting. |
| 4 | Switzerland | Tax incentives, 0 percent withholding taxes, lack of participation in multilateral anti-abuse and transparency initiatives, evidence of large scale profit shifting. |
| 5 | Singapore | Tax incentives, lack of withholding taxes, evidence of substantial profit shifting. |
| 6 | Ireland | Low CIT, tax incentives, evidence of large scale profit shifting. |
| 7 | Luxembourg | Tax incentives, 0 percent withholding taxes, evidence of large scale profit shifting. |
| 8 | Curacao | Tax incentives, 0 percent withholding taxes, lack of participation in multilateral anti-abuse, exchange and transparency initiatives, evidence of substantial profit shifting. |
| 9 | Hong Kong | Tax incentives, 0 percent withholding taxes, evidence of large scale profit shifting. |
| 10 | Cyprus | Low CIT, tax incentives, 0 percent withholding taxes. |
| 11 | Bahamas | 0 percent CIT, 0 percent withholding taxes, lack of participation in multilateral anti-abuse and transparency initiatives. |
| 12 | Jersey | 0 percent CIT, 0 percent withholding taxes, evidence of substantial profit shifting. |
| 13 | Barbados | Low CIT, 0 percent withholding taxes lack of participation in multilateral anti-abuse and transparency initiatives. |
| 4 | Mauritius | Low CIT, 0 percent withholding taxes, lack of participation in multilateral anti-abuse and transparency initiatives. |
| 15 | British Virgin Islands | 0 percent CIT, 0 percent withholding taxes, lack of participation in multilateral anti-abuse and transparency initiatives. |

In most of these countries there is a great deal of concrete evidence, e.g. corporate tax avoidance cases which support the high ranking of these jurisdictions are corporate tax havens. The ranking also shows that it is not just highly secretive or no/low-tax jurisdictions which are the most important culprits. It is also jurisdictions with relatively respectable CIT rates that enable corporations to avoid billions of dollars in tax each year. The data and information used also shows how this is done: either by offering extremely low rates in combination with high levels of secrecy, and/or through offering specific tax incentives in combination with a lack of anti-avoidance rules such as CFC rules.

In comparison, countries such as Germany, France and Denmark, which do not have a reputation as corporate tax havens, do have withholding taxes on dividends and royalties; they

do have CFC rules; they are committed to CBCR (however, not public yet except for the banking industry); and France and Denmark are committed to a public registry of beneficial owners. This does not mean these jurisdictions should not do more to stop the corporate tax race to the bottom, but there is a clear difference between them and the top corporate tax havens.

We welcome all comments and suggestions on how to further improve this methodology for future rankings.¹³

ANNEX 1 SUMMARY SCORING INDICATORS TOP 19

General

Our model makes clear that it is both countries/jurisdictions with (extremely) low headline corporate tax rates that are among the worst corporate tax havens, as well as countries/jurisdictions with higher headline corporate tax rates but with tax incentives/regimes enabling corporations to lower their effective rates (See 'Score for size of tax haven'). This explains why we give equal weight (max 4) to the 'score for CIT category and the 'Score for tax incentives' + 'lack of anti-abuse (CFC rules)' category (max 4 combined).

Score for CIT (max 4)

(Extremely) low CIT is generally considered a main feature of tax havens. This explains the heavy weight given to this tax policy element in our methodology.

Score for tax incentives (max 3) + Score for lack of anti-abuse (max 1) = (max 4 combined)

As our tool points out, the corporate tax havens most used by corporations for profit shifting are not just the low-CIT tax havens. It is also jurisdictions with higher corporate tax rates, but with tax incentives/regimes enabling corporations to lower their effective tax rates (and/or to shift profits to the low-CIT tax havens). The role of these countries/jurisdictions in the global corporate tax race to the bottom (considering profit shifting data) is as substantial as the role of the low-CIT havens. This explains why we levelled the maximum score for these types of jurisdictions with the maximum score of low-tax jurisdictions. (Note that anti-abuse/CFC-rules are no longer applicable when a jurisdiction has a CIT of zero, which is why some low-CIT countries (with a score of no higher than 3 on low CIT) do get an additional point for lack of CFC rules, while jurisdictions with zero percent CIT do not.

Score for size of tax haven (max 3)

For each jurisdiction we looked at evidence of large-scale profit shifting. We used two studies to find this evidence, and evidence on just one study would be enough to give the score. The first study looks at 'Balance of 2014 intra-group loan of > \$10bn and >20 percent of GDP'= 2 points. 'Balance of 2014 intra-group loan > \$50bn and 20 percent of GDP'= 3 points. OR 'Inward profit shifting >\$5bn '= 2 points and 'Inward profit shifting >\$25bn= 3 points. With a score of 2 and maximum 3, we ensured that the scale of profit shifting matters in the ranking (as our aim is to identify the worst current global corporate tax havens), but it is just below the policy factors of CIT and tax incentives in order to recognize the fact that it is the policies leading to this scale of profit shifting (and to not create too big a gap between countries which are the current worst tax havens, and countries with similar policies which could be on their way to becoming one of the worst/most used corporate tax havens).

Score for lack of participation in multilateral initiatives (max 2)

We have taken into consideration the willingness of countries to take part in ongoing multilateral processes as a sign of progress, but also the fact that many policies committed to are yet to be

implemented/enforced. The scoring of max 2 is below the value given to the size of the tax haven (3) and half the max score for the current, actual policies of the countries (CIT/Incentives, max 4).

- We give one point when the country lacks commitments to three elements: when one of those jurisdictions has so far not joined the OECD/BEPS Inclusive Framework. This indicates a lack of commitment to implement BEPS minimum standards (tax treaty abuse, harmful tax practices and exchange of information on tax rulings and standardized CBCR).
- We give one point for the combination of a lack of commitment to OECD criteria 1 and 3, plus non-commitment to sharing beneficial ownership information (NO when committed to public registry, YES/NO when willing to exchange with some governments, YES when no commitment).
- We give a more significant weight to adherence to the BEPS Inclusive Framework because, when in force, this will mean the adoption of treaty abuse measures and CBCR – both key measures to enable countries to prevent or address profit shifting.

Score for lack of withholding taxes (max 1)

This element of no withholding taxes which stimulates profit shifting is policy in many low-tax tax havens as well as in tax havens with incentives. We gave it a score of 1, which could also be considered as an add-on to the score for low CIT and/or score for tax incentives and lack of anti-abuse.

ANNEX 2

1. Andorra (EP, EC, GAO, FTSE, IMF)
2. Anguilla (FSI, OECD, UNCTAD, EP, EC, GAO, FTSE, BIS)
3. Antigua and Barbuda ((FSI, OECD, UNCTAD, EP, EC, GAO, FTSE, BIS)
4. Aruba (FSI, OECD, UNCTAD, EP, GAO, FTSE, IMF, BIS)
5. Austria (FSI, UNCTAD)
6. Bahamas (FSI, OECD, UNCTAD, EP, EC, GAO, FTSE, IF, BIS)
7. Bahrain (FSI, OECD, UNCTAD, EP, GAO, FTSE, BIS)
8. Barbados (FSI, OECD, UNCTAD, EP, EC, GAO, FTSE, BIS)
9. Belgium (EU investigation)
10. Belize (FSI, OECD, UNCTAD, EP, EC, GAO, FTSE, IMF)
11. Bermuda (FSI, OECD, UNCTAD, EP, EC, GAO, FTSE, IMF)
12. British Virgin Islands (FSI, OECD, UNCTAD, EP, EC, GAO, FTSE, IMF))
13. Cayman Islands (FSI, OECD, UNCTAD, EP, EC, GAO, FTSE, IMF, BIS)
14. Costa Rica (FSI, GAO, FTSE)
15. Curacao (FSI, BIS)
16. Cyprus (FSI, OECD, UNCTAD, EC, FTSE, IMF)

17. Dominica (OECD, UNCTAD, EP, GAO)
18. Delaware (FSI, EP, FTSE)
19. Fiji (EP)
20. Gibraltar (FSI, OECD, UNCTAD, FTSE, IMF, BIS)
21. Grenada (OECD, UNCTAD, EC, GAO)
22. Guam (EP, BIS)
23. Guernsey (FSI, OECD, UNCTAD, EP, EC, FTSE, IMF)
24. Hong Kong (FSI, EP, EC, GAO, FTSE, BIS)
25. Ireland (FTSE and EU investigations)
26. Isle of Man (FSI, OECD, UNCTAD, EP, FTSE, IMF, BIS)
27. Jersey (FSI, OECD, UNCTAS, EP, FTSE, IMF, BIS)
28. Jordan (GAO, FTSE)
29. Labuan, Malaysia (FSI, EP, IMF)
30. Lebanon (FSI, EP, GAO, FTSE, BIS)
31. Liberia (FSI, OECD, UNCTAD, EC, GAO, FTSE)
32. Liechtenstein (FSI, OECD, UNCTAD, EP, EC, FTSE, IMF)
33. Luxembourg (FSI, FTSE, EU investigations)
34. Macao (FSI, EP, GAO, FTSE, IMF, BIS)
35. Maldives (EP, EC, FTSE)
36. Malta (FSI, OECD, UNCTAD, FTSE)
37. Marshall Islands (FSI, OECD, UNCTAD, EP, EC, GAO)
38. Mauritius (FSI, OECD, UNCTAD, EP, EC, FTSE, BIS)
39. Monaco (FSI, OECD, UNCTAD, EP, EC, FTSE, IMF)
40. Montserrat (OECD, UNCTAD, EP, EC, GAO, IMF)
41. Netherlands (FSI, UNCTAD, FTSE, EU investigations)
42. Niue (OECD, UNCTAD, EP, EC)
43. Nauru (OECD, UNCTAD, EP, EC, GAO)
44. Palau (EP, IMF)
45. Panama (FSI, OECD, UNCTAD, EP, EC, GAO, FTSE, IMF, BIS)
46. Samoa (FSI, OECD, UNCTAD, EP, EC, GAO, FTSE, IMF, BIS)
47. St Kitts Y Nevis (FSI, OECD, UNCTAD, EP, EC, GAO, FTSE, IMF, BIS)

48. Saint Marten (BIS)
49. San Marino (OECD, UNCTAD, EP)
50. St Vincent and Grenadine (FSI, OECD, UNCTAD, EP, EC, GAO)
51. St Lucia (FSI, OECD, UNCTAD, EP, GAO, FSTE)
52. Seychelles (FSI, OECD, UNCTAD, EP, EC, FTSE, IMF)
53. Singapore (FSI, EP, GAO, FTSE)
54. Switzerland (FSI, EP, FTSE)
55. Tonga (EP, GAO)
56. The Cooks Islands (OECD, UNCTAD, EP, EC, GAO, FTSE, IMF)
57. Turks and Caicos (FSI, OECD, UNCTAD, EP, EC, IMF)
58. US Virgin Islands (FSI, OECD, UNCTAD, EP, EC, GAO, FTSE)
59. Vanuatu (FSI, OECD, UNCTAD, EC, GAO, IMF, BIS)

ANNEX 3: USEFUL INFORMATION FOR DESK RESEARCH

| Top 5 EU countries facilitating corporate tax planning | |
|---|-------------|
| <i>Jurisdiction</i> | <i>Rank</i> |
| Netherlands | 1 |
| Belgium | 2 |
| Cyprus | 3 |
| Malta | 4 |
| Latvia | 5 |
| Luxembourg | 5 |
| Hungary | 5 |

Based on a study commissioned by the European Commission on Structures of Aggressive Tax Planning and Indicators, Taxation papers – working paper 61-2015.
https://ec.europa.eu/taxation_customs/sites/taxation/files/docs/body/taxation_paper_61.pdf

| Top 2015 Financial secrecy jurisdictions only considering highest Financial Secrecy score | |
|--|-------------|
| <i>Jurisdiction</i> | <i>Rank</i> |
| Vanuatu | 1 |
| Samoa | 2 |
| St. Lucia | 3 |
| Liberia | 4 |
| Brunei Darussalam | 5 |
| Antigua and Barbuda | 6 |
| Marshall Islands | 7 |
| Bahamas | 8 |
| Nauru | 9 |
| Belize | 10 |
| Lebanon | 11 |
| Barbados | 12 |
| St. Kitts and Nevis | 13 |
| St. Vincent and Grenadines | 14 |
| United Arab Emirates | 15 |

Based on Financial Secrecy Index ranks jurisdictions according to their secrecy and the scale of their offshore financial activities, 2015 <http://www.financialsecrecyindex.com/introduction/fsi-2015-results>

| Overview of all countries with CIT equal or below 12.5% (50% of global average Corporate Income Tax Rate for last 10 years) | |
|--|---------------------|
| <i>Country</i> | <i>CIT rate (%)</i> |
| Anguilla | 0.0 |
| Bahamas | 0.0 |
| Bahrain | 0.0 |
| Bermuda | 0.0 |
| Cayman Islands | 0.0 |
| Guernsey | 0.0 |
| Isle of Man | 0.0 |
| Jersey | 0.0 |
| Nauru | 0.0 |
| Palau | 0.0 |
| Turks and Caicos Islands | 0.0 |
| Vanuatu | 0.0 |
| British Virgin Islands | 0.0 |
| Wallis and Futuna | 0.0 |
| Uzbekistan | 7.5 |
| Turkmenistan | 8.0 |
| Montenegro | 9.0 |
| Timor-Leste | 10.0 |
| Qatar | 10.0 |
| Paraguay | 10.0 |
| Former Yugoslav Republic of Macedonia | 10.0 |
| Kyrgyzstan | 10.0 |
| Gibraltar | 10.0 |
| Bulgaria | 10.0 |
| Bosnia and Herzegovina | 10.0 |
| Andorra | 10.0 |
| Oman | 10.0 |
| Republic of Moldova | 12.0 |
| Macao | 12.0 |
| Liechtenstein | 12.5 |
| Ireland | 12.5 |
| Cyprus | 12.5 |

Based on Tax Foundation publication *Corporate Income Tax Rates [CIT] around the World*, 2016 <http://taxfoundation.org/article/corporate-income-tax-rates-around-world-2016>

| Corporate income tax rate per region | | | | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|---------------------------------|
| Location | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | Average of last 10 years |
| Africa average | 30.82 | 30.56 | 28.65 | 28.75 | 28.38 | 28.55 | 29.02 | 28.29 | 27.85 | 27.92 | 27.46 | 28.8 |
| Americas average | 29.97 | 29.27 | 28.84 | 28.82 | 28.28 | 29.28 | 28.67 | 28.35 | 27.96 | 27.35 | 27.86 | 28.6 |
| Asia average | 28.99 | 28.46 | 27.99 | 25.73 | 23.96 | 23.1 | 22.89 | 22.05 | 21.91 | 22.59 | 21.97 | 24.5 |
| Europe average | 23.7 | 22.99 | 21.95 | 21.64 | 21.46 | 20.81 | 20.42 | 20.6 | 19.68 | 20.12 | 20.48 | 21.3 |
| Oceania average | 30.6 | 30.2 | 29.6 | 29.2 | 29 | 28.6 | 28.6 | 27 | 27 | 27 | 26 | 28.4 |
| North America average | 38.05 | 38.05 | 36.75 | 36.5 | 35.5 | 34 | 33 | 33 | 33.25 | 33.25 | 33.25 | 35.0 |
| Latin America average | 29.07 | 28.3 | 27.96 | 27.96 | 27.52 | 28.83 | 28.3 | 27.96 | 27.52 | 26.85 | 27.29 | 28.0 |
| EU average | 24.83 | 23.97 | 23.17 | 23.11 | 22.93 | 22.7 | 22.51 | 22.75 | 21.34 | 22.25 | 22.09 | 22.9 |
| OECD average | 27.67 | 27 | 25.99 | 25.64 | 25.7 | 25.4 | 25.15 | 25.32 | 24.11 | 24.86 | 24.85 | 25.6 |
| Global average | 27.5 | 26.95 | 26.1 | 25.38 | 24.69 | 24.5 | 24.4 | 23.71 | 23.64 | 23.87 | 23.63 | 24.9 |

Based on Corporate tax rates table, KPMG 2006–2016

<https://home.kpmg.com/xx/en/home/services/tax/tax-tools-and-resources/tax-rates-online/corporate-tax-rates-table.html>

NOTES

1 http://unctad.org/en/PublicationsLibrary/wir2015_en.pdf

2 Oxfam reviewed, among other lists, GAO: <http://www.gao.gov/assets/290/284522.pdf>; FAS <https://www.fas.org/sgp/crs/misc/R40623.pdf>; BIS; http://www.bis.org/statistics/dsd_cbs.pdf; IMF: <https://www.imf.org/external/NP/ofca/OFCA.aspx>; and we complemented this by reviewing other sources, including the EU investigations: http://ec.europa.eu/competition/state_aid/tax_rulings/index_en.html and the EC-commissioned study on aggressive tax planning: http://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/taxation/gen_info/economic_analysis/tax_papers/taxation_paper_61.pdf

3 Andorra, Anguilla, Antigua and Barbuda, Aruba, Bahamas, Bahrain, Barbados, Belgium, Belize, Bermuda, Bonaire, Saint Eustatius and Saba, British Virgin Islands, Cayman Islands, Costa Rica, Cyprus, Curacao, Dominican republic, Delaware (US), Fiji, Gibraltar, Grenada, Guam, Guernsey, Hong Kong, Ireland, Isle of Man, Northern Mariana Islands, Salomon Islands, Jersey, Jordan, Labuan, Malaysia, Lebanon, Liberia, Liechtenstein, Luxembourg, Macao, Maldives, Malta, Marshall Islands, Mauritius, Monaco, Montserrat, Nauru, Netherlands, Palau, Panama, Samoa, Saint Kitts and Nevis, Saint Martin, Saint Vincent and Grenadines, Saint Lucia, Seychelles, Singapore, Switzerland, Tonga, The Cooks Islands, Turks and Caicos, US Virgin Islands, Vanuatu.

4 *Still Broken: Governments must do more to fix the international corporate tax system*, F. Weyzig for Tax Justice Network, Global alliance for Tax justice, PSI, Oxfam, 2015. The study investigates profit shifting from US Multinationals and looked at where excess profits were located (defined as profits over and above what could be expected on the basis of economic activity indicators).

5 Statistic department, *Coordinated Direct Investment Survey (CDIS)*, International Monetary Fund, 2014 data retrieved in September and October 2016 <http://cdis.imf.org>.

6 *Measuring Misalignment: the Location of US Multinationals' Economic Activity Versus the Location of their Profits*, Alex Cobham and Petr Janský, 2015, <http://www.taxjustice.net/topics/more/size-of-the-problem/tax-corporate-profit-shifting-big/> And Statistic department, *Coordinated Direct Investment Survey (CDIS)*, International Monetary Fund, 2014 data retrieved in September and October 2016 <http://cdis.imf.org>.

7 Corporate tax rates table, KPMG 2006 - 2016 <https://home.kpmg.com/xx/en/home/services/tax/tax-tools-and-resources/tax-rates-online/corporate-tax-rates-table.html>

8 <http://taxfoundation.org/article/corporate-income-tax-rates-around-world-2016>

9 *Op. Cit* Corporate tax rates table, KPMG 2006 –2016

10 European Commission. (2015). Study on Structures of Aggressive Tax Planning and Indicators. Taxation papers – working paper 61-2015 http://ec.europa.eu/taxation_customs/sites/taxation/files/resources/documents/taxation/gen_info/economic_analysis/tax_papers/taxation_paper_61.pdf

11 http://www.oecd.org/tax/oecd-secretary-general-tax-report-g20-finance-ministers-july-2016.pdf?utm_source=Adestra&utm_medium=email&utm_content=OECD%20Secretary-General%20Report%20to%20G20%20Finance%20Ministers&utm_campaign=Tax%20News%20Alert%2025-07-2016&utm_term=demo

12 Withholding taxes are those deducted at source, especially on interest, dividends, or royalties paid to a company or person resident outside that country.

13 During the ICRICT workshop that took place in Bogota on May 19–20, Tax Justice Network presented ideas and a draft on a corporate tax haven index to be developed by 2018.

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This paper was written by Esmé Berkhout and Aurore Chardonnet. Oxfam acknowledges the assistance of Francis Weyzig, Susana Ruiz, Luke Gibson, Oliver Pearce, Michael McCarthy Flynn, Kalina Tsang, Miguel Alba Ruiz-Morales, Maria Villanueva Serrano and Leïla Bodeux in its production. It is part of a series of papers written to inform public debate on development and humanitarian policy issues.

For further information on the issues raised in this paper please e-mail advocacy@oxfaminternational.org

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The information in this publication is correct at the time of going to press.

Published by Oxfam GB for Oxfam International under ISBN 978-0-85598-855-5 in December 2016.
Oxfam GB, Oxfam House, John Smith Drive, Cowley, Oxford, OX4 2JY, UK.

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