

## Where are the world's secrecy jurisdictions?

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### Purpose of this paper

The Mapping the Faultlines project is based on the contention that the mechanisms that allow illicit financial flows to occur result from the synergistic relationship between the world's secrecy jurisdictions and the secrecy providers (bankers, lawyers and accountants) whose work is based there. The usefulness of this contention is dependent upon our ability to identify those secrecy jurisdictions. This paper explains the methodology this project used to do that.

### Methodology

A number of lists have been prepared over many years that seek to identify the places known as tax havens, but which are better described as secrecy jurisdictions.

There are widely conflicting definitions of what a tax haven / secrecy jurisdiction is. However, over a period of more than thirty years a review of both academic literature and lists produced by regulatory agencies and others (these latter lists mainly being produced over the last decade) it is apparent that a consensus emerges about these places most likely to have such status, therefore making them worthy of further study. Table 1 shows the sources used for this purpose.

**Table 1: Eleven Tax Haven Lists - Overview (chronological order; full references in Bibliography)**

1. International Bureau of Fiscal Documentation 1977
2. Charles Irish 1982, academic paper
3. Hines and Rice 1994, academic paper
4. Financial Stability Forum 2000
5. International Monetary Fund 2000
6. OECD 2000
7. Financial Action Task Force 2000/02
8. Hampton and Christensen 2005 for the Tax Justice Network
9. Zoromé 2007, academic paper for the IMF
10. Senator Carl Levin 2007 for the Stop Tax Haven Abuse Act in the USA
11. Lowtax.Net (accessed 22-1-08), web site promoting secrecy jurisdictions

The OECD listings issued in 2009 were not available when this work began but would have had little impact on our decision.

Using these sources the following table of locations recognised as tax havens / secrecy jurisdictions was produced:

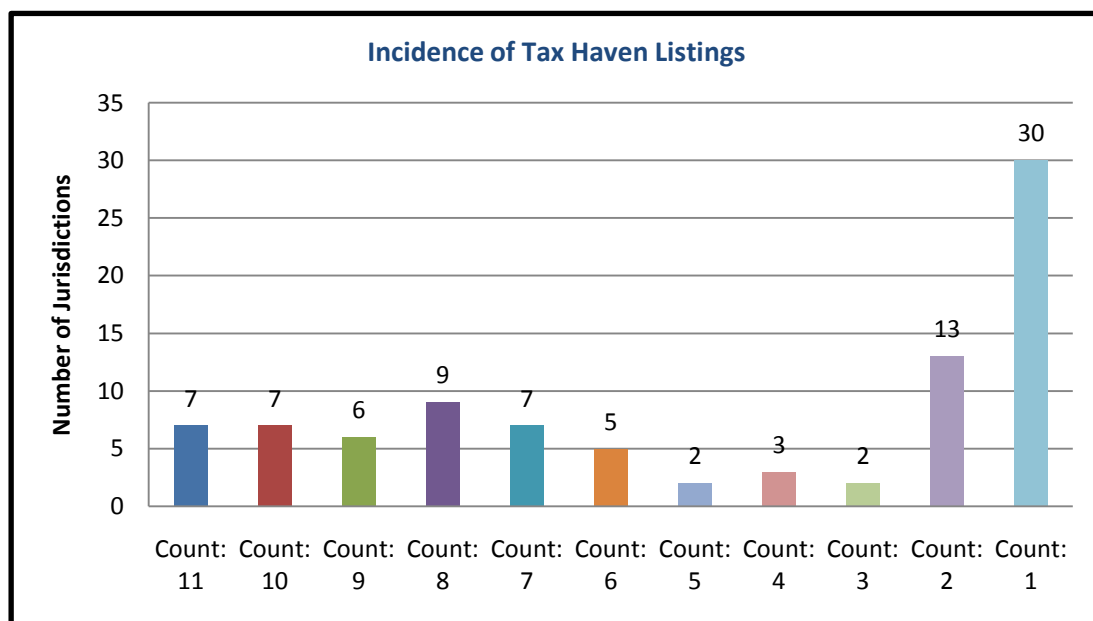
**Table 2: Eleven Tax Haven Lists Details - Listings by Jurisdiction**

Rank	Location	Int'l Bureau Fiscal Docs 1977	Irish 1982	Hines Rice 1994	OECD 2000	IMF 2000	FSF 2000	FATF 2000 /02	TJN 2005	IMF 2007	STHA A/ Levin 2007	Low-TaxNet 2008	Total
1	Bahamas	1	1	1	1	1	1	1	1	1	1	1	11
2	Bermuda	1	1	1	1	1	1	1	1	1	1	1	11
3	Cayman Islands	1	1	1	1	1	1	1	1	1	1	1	11
4	Guernsey	1	1	1	1	1	1	1	1	1	1	1	11
5	Jersey	1	1	1	1	1	1	1	1	1	1	1	11
6	Malta	1	1	1	1	1	1	1	1	1	1	1	11
7	Panama	1	1	1	1	1	1	1	1	1	1	1	11
8	Barbados	1	1	1	1	1	1		1	1	1	1	10
9	British Virgin Islands	1	1	1	1	1	1	1	1		1	1	10
10	Cyprus	1		1	1	1	1	1	1	1	1	1	10
11	Isle of Man	1		1	1	1	1	1	1	1	1	1	10
12	Liechtenstein	1	1	1	1	1	1	1	1		1	1	10
13	Netherlands Antilles	1	1	1	1	1	1		1	1	1	1	10
14	Vanuatu	1	1	1	1	1	1		1	1	1	1	10
15	Gibraltar	1		1	1	1	1	1	1		1	1	9
16	Hong Kong	1	1	1		1	1		1	1	1	1	9
17	Singapore	1	1	1		1	1		1	1	1	1	9
18	St Vincent & Grenadines	1		1	1	1	1	1	1		1	1	9
19	Switzerland	1	1	1		1	1		1	1	1	1	9
20	Turks & Caicos Islands	1	1	1	1	1	1		1		1	1	9
21	Antigua & Barbuda	1		1	1	1	1	1	1		1		8
22	Belize			1	1	1	1	1	1		1	1	8
23	Cook Islands			1	1	1	1	1	1		1	1	8
24	Grenada	1		1	1	1		1	1		1	1	8
25	Ireland	1	1	1		1	1		1	1		1	8
26	Luxembourg	1		1		1	1		1	1	1	1	8
27	Monaco	1		1	1	1	1	1	1			1	8
28	Nauru	1	1		1	1	1	1	1		1		8
29	St Kitts & Nevis			1	1	1	1	1	1		1	1	8
30	Andorra	1		1	1	1	1		1			1	7
31	Anguilla			1	1	1	1		1		1	1	7
32	Bahrain		1	1	1	1	1		1	1			7
33	Costa Rica	1	1			1	1		1		1	1	7
34	Marshall Islands			1	1	1	1	1	1			1	7
35	Mauritius				1	1	1	1	1	1		1	7
36	St Lucia			1	1	1	1	1	1		1		7

Rank	Location	Int'l Bureau Fiscal Docs 1977	Irish 1982	Hines Rice 1994	OECD 2000	IMF 2000	FSF 2000	FATF 2000 /02	TJN 2005	IMF 2007	STHA A/ Levin 2007	Low-TaxNet 2008	Total
37	Aruba				1	1	1		1		1	1	6
38	Dominica			1	1	1		1	1		1		6
39	Liberia	1	1	1	1				1			1	6
40	Samoa				1	1	1	1	1		1		6
41	Seychelles	1			1	1	1		1			1	6
42	Lebanon			1		1	1	1	1				5
43	Niue				1	1	1	1	1				5
44	Macau			1		1	1		1				4
45	Malaysia (Labuan)					1	1		1			1	4
46	Montserrat			1	1	1			1				4
47	Maldives			1	1				1				3
48	United Kingdom		1						1	1			3
49	Brunei	1										1	2
50	Dubai								1			1	2
51	Hungary							1	1				2
52	Israel							1	1				2
53	Latvia									1	1		2
54	Madeira								1			1	2
55	Netherlands	1							1				2
56	Philippines		1					1					2
57	South Africa		1						1				2
58	Tonga				1				1				2
59	Uruguay								1	1			2
60	US Virgin Islands				1				1				2
61	USA		1						1				2
62	Alderney								1				1
63	Anjouan											1	1
64	Belgium								1				1
65	Botswana											1	1
66	Campione d'Italia								1				1
67	Egypt							1					1
68	France		1										1
69	Germany								1				1
70	Guatemala							1					1
71	Honduras		1										1
72	Iceland								1				1
73	Indonesia							1					1
74	Ingushetia								1				1
75	Jordan			1									1
76	Marianas								1				1
77	Melilla								1				1
78	Myanmar							1					1
79	Nigeria							1					1
80	Palau					1							1
81	Puerto Rico		1										1
82	Russia							1					1
83	San Marino				1								1

Rank	Location	Int'l Bureau Fiscal Docs 1977	Irish 1982	Hines Rice 1994	OECD 2000	IMF 2000	FSF 2000	FATF 2000 /02	TJN 2005	IMF 2007	STHA A/ Levin 2007	Low-TaxNet 2008	Total
84	Sao Tome e Principe								1				1
85	Sark								1				1
86	Somalia								1				1
87	Sri Lanka		1										1
88	Taipei								1				1
89	Trieste								1				1
90	Turkish Republic of Northern Cyprus								1				1
91	Ukraine						1						1
		32	29	40	41	46	42	37	72	22	34	41	436

The listings had this frequency:



It will be noted that there is remarkable agreement over a long time period with regard to the tax haven status of some locations; indeed the Bahamas, Bermuda, Cayman, Guernsey, Jersey, Malta and Panama appear on every list over this extended period. 36 locations appear on at least seven lists. Whilst disagreement on definitions persists there appears quite remarkable accord that some places are secrecy jurisdictions.

### Selecting the jurisdictions for further study

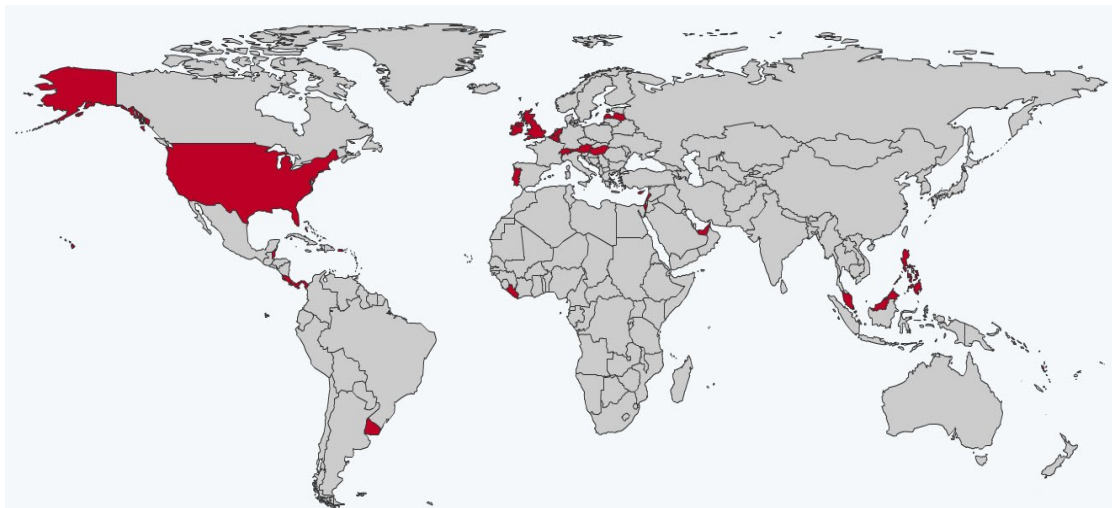
All 61 jurisdictions with two or more listings were initially selected for study, one listing being considered insufficient evidence of concern. However, upon review minor changes were made as follows:

1. Niue was eliminated from the survey as the IMF had indicated in 2008 that it was no longer providing any significant secrecy jurisdiction services;
2. Christensen and Hampton, who prepared the Tax Justice Network listing suggested that both Tonga and South Africa could be removed from their list for the same reason, downgrading them to having one listing each;
3. The US state of Delaware was identified as the main cause of concern in that jurisdiction;
4. The EU states of Austria (no listings) and Belgium (one listing) were added because of their refusal to cooperate with the European Union Savings Tax Directive, indicating serious secrecy jurisdiction activity.

The resulting list was therefore of sixty jurisdictions. However, for all of the 'marginal' jurisdictions we created a file where we noted all evidence that may suggest we should include or exclude a jurisdiction from review in the future.

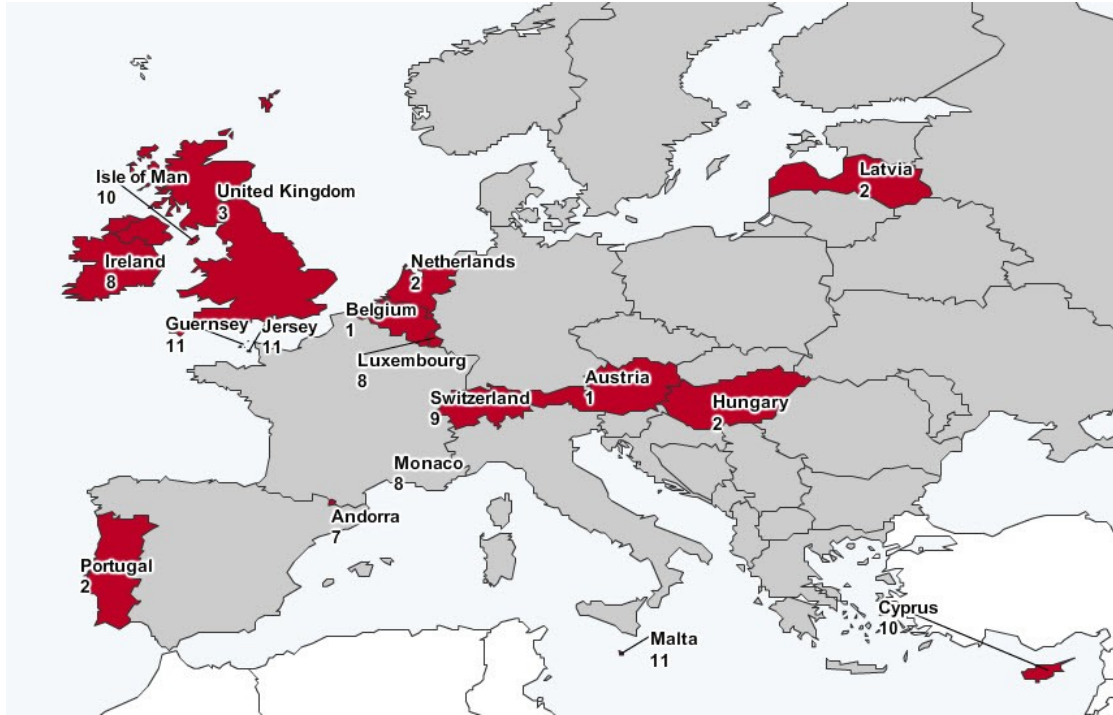
### Mapping these places

Some of the places noted as secrecy jurisdictions that we have surveyed in our work are both small and little known. The following maps are intended to help locate precisely where they are, starting first with a world view<sup>1</sup>:



<sup>1</sup> We are grateful for the team of the freeware mapping-program "StatPlanet Map Maker", for their software and their responsiveness in adapting it to specific requirements. The program can be downloaded here: <http://www.sacmeg.org/statplanet/StatPlanet-Map-Maker.html>; 24-9-09.

It is readily apparent that South America, Africa and much of Asia has little to do with this activity, but increased granularity makes the position clearer, as this map of Europe shows:



The numbers are the frequency with which the jurisdiction appeared in the listings in table 2, above. Note Liechtenstein is too small to show: it featured on 10 lists.

The Caribbean also has a significant number of secrecy jurisdictions:



Each location is, it will be noted, tiny. It is also notable that the larger Caribbean islands have not developed as secrecy jurisdictions, although Jamaica is seeking to do so.

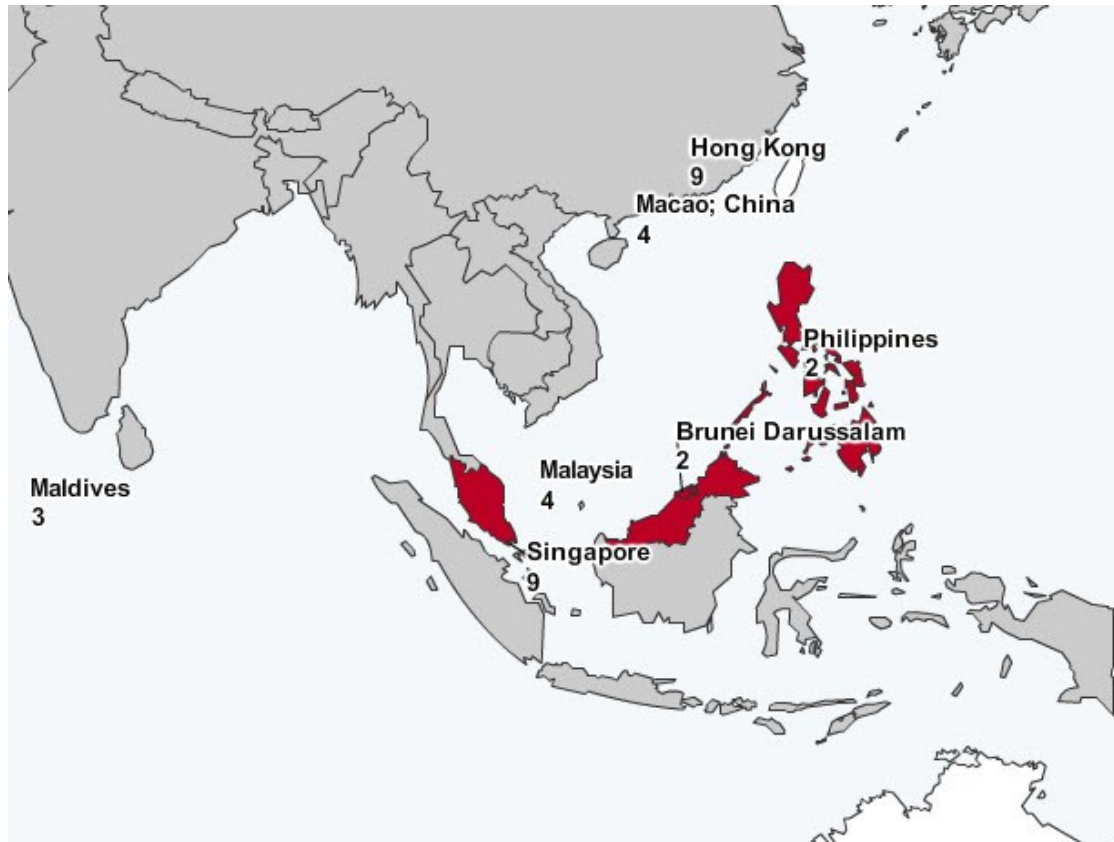
The Caribbean's near neighbours in Central America also include a number of secrecy jurisdictions:



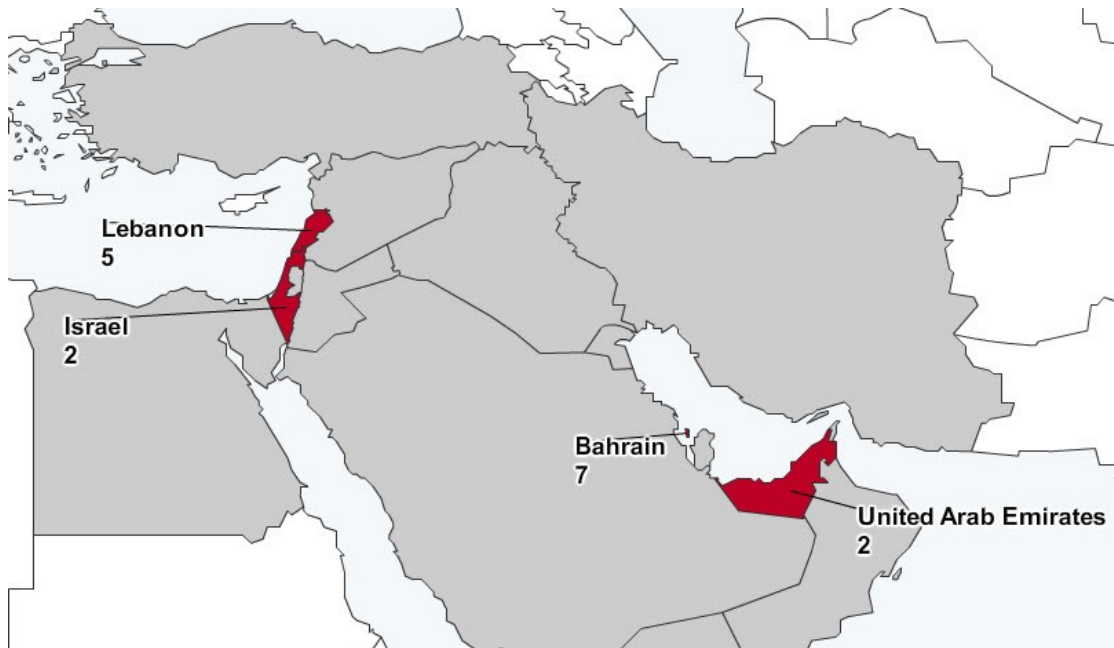
The concentration here is lower than in the Pacific where each location is, however, so small they hardly feature on the world map:



Asia also has a number of secrecy jurisdictions:



The Middle East includes some locations few might expect to have such categorisation, including Israel:





In contrast, Africa has just one secrecy jurisdiction, Liberia, as does Southern America (Uruguay) and North America (the USA, and Delaware in particular).

As the mapping makes clear, the geographic location of secrecy jurisdictions is widespread but there are, without doubt, clusters of significance in Europe and the Caribbean and Central America.

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