

Commentary



NOVEMBER 2021

Pandora Papers reveal parallel financial world for the wealthy

Arthur Cockfield

Introduction¹

The most recent tax haven data leak, the Pandora Papers, is aptly named. According to an Ancient Greek myth, Pandora was a mortal human who opened Pandora's box – it was really just a jar – to inadvertently release sickness, death and other calamities into the world. In the case of the Pandora Papers, roughly 12 million pages were leaked from law firms based in tax havens such as Singapore and the British Virgin Islands.

The leaked documents reveal how tax havens visit various horrors on the world by privileging the interests of gangsters, millionaires and multinational corporations. There are roughly 30 countries in the world that are characterized as tax havens because their governments impose low or no taxes and often help non-resident investors obscure who owns what assets. Like the Panama Papers from 2016, the Pandora Papers reinforce the idea that this offshore world is rigged in favour of the wealthy and powerful, and against the interests of average citizens. The French words for tax havens are *fiscaux paradis*, a term that can be more directly translated as “fiscal paradises.” Indeed, the offshore world provides a paradise for three main actors: criminals, millionaire and multinational corporations.

Wealthy criminals use the offshore world to anonymize their financial mis-

The author of this document has worked independently and is solely responsible for the views presented here. The opinions are not necessarily those of the Macdonald-Laurier Institute, its Directors or Supporters.

deeds and, in low-income countries, drain governments of valuable resources while citizens remain in dire circumstances (Zucman 2016). Millionaires use the offshore world to legally reduce their tax bills, exploiting loopholes that are not available to ordinary income taxpayers. The leaks also show how the wealthiest members of society – the top 0.01 percent – are more likely to engage in the crime of offshore tax evasion by hiding their fortunes in tax haven bank accounts. Finally, multinational corporations set up related corporations in tax havens to legally reduce global tax liabilities, providing higher returns for (generally) wealthier shareholders. In short, tax havens help rig the global financial system in favour of the wealthy and powerful and against the interests of average income citizens.

With respect to inequality, the primary concern for many countries, including Canada, is that middle-class incomes have stagnated or grown very little over the last 40 years whereas incomes within the top 10 percent, and especially the top 1 percent, have increased (Piketty 2013). In some countries, growing income inequality is encouraging unhealthy forms of populism, nationalism, nativism and anti-immigrant sentiment – all of which can lead to anti-democratic outcomes (Avi-Yonah 2000; Cockfield 2018). Income inequality is promoted by complex factors, including technological change, more foreign competition, and the COVID-19 pandemic. This commentary focuses on the offshore world's role in enhancing the wealth of the very rich and/or the very corrupt, at the expense of average income citizens around the world. In addition to the Pandora Papers, the analysis covers other tax haven data leaks that were ultimately obtained by the International Consortium of Investigative Journalists, including Offshore Leaks of 2013, the Panama Papers of 2016, and the Paradise Papers of 2017.

Gangster paradise

With respect to the proceeds of crime, the Pandora Papers show how tax haven-based law firms and businesses help crooks engage in offshore tax evasion and international money laundering (roughly US\$2.5 trillion in illegal earnings is laundered around the world each year). Criminal enterprises set up offshore corporations and other business entities to mask the illicit proceeds from crimes such as illegal drug sales. While Ottawa routinely convicts small time tax cheats, the Canadian government very rarely convicts wealthy financial crooks for crimes such as offshore tax evasion (Cockfield 2017a; Chown 2018).

Canadian criminals also use the offshore world at a significant cost to Canadian society. Like other large tax haven data leaks, the Pandora Papers revealed ties between tax havens and alleged Canadian criminals engaged in activities such as drug trafficking, money laundering and selling illegal weapons via a dark web marketplace (Dubinsky and ICIJ 2021; Cockfield 2016).

The Canadian government estimates that offshore tax evasion leads to annual revenue losses of up to \$3 billion (Canada Revenue Agency 2018; Finance Committee 2013; Finance Committee 2016). This estimate relied on the traditional methodologies by using statistics such as cross-border investment data from the International Bank of Settlements to indirectly gauge what sort of hidden criminal activity is taking place in tax havens. As explored in the next section, evidence from real live taxpayers provided by the leaks suggest the amount of crime may be much higher in relatively wealthy liberal democracies like Canada.

Yet the greatest damage results from wealthy criminals in low-income countries draining governments of valuable resources while citizens remain in dire circumstances. In some countries, political and business elites sap the fiscal coffers of their nations by hiding their booty in tax haven bank accounts while citizens remain with fewer resources. While the matter is often discussed in terms of its human rights implications, capital outflows by high-level politicians or other well-connected individuals have a major deleterious impact on both income and wealth inequality.



Foreign countries provide aid, and the monies are seized by corrupt elites and then hidden offshore.

Revelations in tax haven data leaks, including the Pandora Papers, support prior efforts to empirically assess capital flows out of low-income countries. For instance, a study on capital flight from sub-Saharan African countries concludes that a “narrow, relatively wealthy stratum” among the countries studied maintained assets in foreign countries that exceeded the national public debts of their own countries (Boyce and Ndikumana 2008: see also Christensen 2009). For some African countries, wealthy elites shift more monies to offshore tax havens than the total foreign aid poured into the continent. In many cases, the situation resembles a revolving door: foreign countries provide aid, and the monies are seized by corrupt elites and then hidden offshore.

The most glaring example in the world today is the plight of South Sudan where a civil war has raged for years (Sentry 2016; Cockfield 2017b). During the time of the conflict, high-level government officials and war profiteers seized billions of dollars in foreign aid and government resources, then hid these monies in tax haven corporations that in turn purchased assets such as Swiss villas. At the same time, according to the United Nations (2021), roughly seven out of 10 million citizens are at risk of starvation.

A 2020 tax haven data leak known as Luanda Leaks also showed how Isabel dos Santos, daughter of the Angola’s former president and reportedly Africa’s

wealthiest woman, stole billions in government resources. She then transferred the ill-gotten monies to tax havens, depriving oil- and diamond-rich Angola of valuable resources and leaving its citizens among the poorest in the world (Freedberg et al. 2020). Documents connect Ms. dos Santos or her husband to a network of more than 400 companies and subsidiaries in 41 countries, including 94 companies that were set up in tax havens such as Malta, Mauritius and Hong Kong. Once the authorities began an investigation, Ms. dos Santos absconded to Dubai, another tax haven. The dos Santos saga provides a grim example of illicit cross-border financial flows to tax haven-based entities (where the funds are normally in turn invested in financially-stable OECD countries, for example, by purchasing condominiums in Miami or Vancouver).

The more recent Pandora Papers “show 35 current or former world leaders and more than 300 other public officials around the globe who have held assets in or through tax havens” (Dubinsky and ICIJ 2021). For instance, the leak revealed the King of Jordan shifted over US\$100 million to tax haven companies that in turn own properties around the world, including three homes in Malibu worth roughly US\$70 million – at the same time as his country was receiving foreign aid from Canada and elsewhere (Fitzgibbon 2021). With respect to other Middle Eastern countries, the Panama Papers also uncovered how former heads of state, including from Kuwait, Palestine, Saudi Arabia and Qatar, use tax haven entities like corporations to move money offshore. After surveying the wealth held by these individuals, the two German journalists who first received the Panama Papers note, “They enjoy unimaginable luxury while at least part of the population is living a hand-to-mouth existence” (Obermayer and Obermaier 2016, 117-118).

In summary, the leaks provide ongoing real-life examples of the ways that tax havens help criminals hide their activities, which can greatly enhance their after-tax income. For some low-income countries, these criminal acts drive income and wealth inequality between corrupt elites and citizens who may be left with very few resources to survive.

Millionaire paradise

The offshore world is also a paradise for millionaires, including a group of individuals who are referred to, in tax industry jargon, as ‘ultra-high net worth individuals’ – typically those who own US\$50 million or more in assets. The number of these wealthy individuals has grown by 500 percent around the world in the last 20 years, at the same time the middle-class in many nations has seen shrinking family incomes: even during the pandemic, this group grew by over 23 percent in one year (Credit Suisse Research Institute 2021). The rise of this group of extraordinary well-to-doers – the top 0.01 percent wealthiest individuals who collectively now own more than 50 percent of the world’s assets – was facilitated by the offshore tax-haven world.

Tax havens allow millionaires to engage in legal tax planning to reduce bills in ways that cannot be accessed by ordinary citizens. The Pandora Papers shows how tax havens help this wealthy group, including Canadians such as Jacques Villeneuve and Elvis Stojko legally avoid paying taxes by, for instance, parking monies in offshore trusts based in tax havens (CBC News 2021).

The Pandora Papers also revealed that Cherie Blair, wife of former UK Prime Minister Tony Blair, used a tax haven corporation to purchase a London building that was partially owned by the family of a Bahraini minister. By purchasing the shares of the tax haven corporation, instead of buying the asset directly, Ms. Blair reportedly saved US\$422,000 in taxes on the sale (Dubinsky and ICIJ 2021). The revelation is problematic because Mr. Blair railed against the evils of tax havens during his time as Prime Minister.²

The 2017 Paradise Papers similarly revealed a tax perk available to the very wealthy (Chitum and Garside 2017). Lewis Hamilton, a British Formula One racing star, purchased a jet for US\$27 million – a candy-apple-red Bombardier Challenger 605 with Armani curtains. He owed US\$5.2 million in sales taxes (called value-added taxes in Europe and elsewhere). Unlike common consumer purchases, the wealthy can avoid paying these sales taxes on their jets entirely. Mr. Hamilton’s jet was briefly parked (and registered) in the Isle of Man, a tax haven. As a result, his US\$5.2 million tax liability was reduced to \$0.



Tax haven data leaks have revealed that offshore tax evasion may be more extensive than previously thought.

The most well-known recent controversy in Canada surrounding the wealthy and offshore planning is the KPMG/Isle of Man saga, in which wealthy Canadian clients to KPMG paid no income taxes on their wealth that they had ‘gifted’ to an offshore corporation based in the Isle of Man. As a result of the controversy, the Canadian government – through the Finance Committee’s Standing Committee – held hearings to investigate this matter. I was one of the witnesses who testified before the Standing Committee (Finance Committee 2016; Cockfield 2017a). The tax plan, which was supported by legal opinions from a Canadian and Isle of Man tax lawyer, involved transferring Canadian cash to the offshore corporation. However, because the monies were allegedly gifted, they were subject to the Isle of Man’s zero tax rules. At this writing, audits and litigation remain underway (Cashore 2021).

Canadians using the offshore world to save taxes is not a new phenomenon. It stretches back to the 1930s to Canadians like Sir Harry Oakes, the founder of the Kirkland Lake gold mines, who took his fortune and moved to Nassau, the Bahamas – where he was famously murdered in 1943. Another early

example involves Percy Walker Thomson, a wealthy Canadian who tried unsuccessfully, in a case that wound its way to the Supreme Court of Canada, to rely on his Bermuda citizenship ties to dodge Canadian taxes (the effort was characterized as “pure farce” by Justice Kurwin) (Cockfield, O’Brien and Brown 2020).

More surprisingly, tax haven data leaks have revealed that offshore tax evasion may be more extensive than previously thought. Unlike legal tax avoidance, tax evasion is a criminal offence that usually involves a taxpayer purposefully hiding income or assets from tax authorities. Prior to the data leaks, the offshore world was shrouded in secrecy. Now equipped with real-world data from the leaks, some researchers are estimating much higher revenue losses from offshore tax evasion.

In one study, researchers worked with tax authorities from Denmark, Sweden, and Norway to match the secret bank accounts revealed in tax haven data leaks to actual taxpayers (Alstadsæter et al. 2017). After a lengthy investigation, the Danish and Norwegian tax authorities concluded that 90 to 95 percent of taxpayers in the study had engaged in the crime of offshore tax evasion. On average the ultra-high net worth Scandinavians hid 25 percent of their overall wealth in tax havens. The study also found that, in many cases, these wealthy members of society were the real problem: the top 0.01 percent (in this case, individuals with US\$45 million and over in wealth) was 13 times more likely to hide assets in HSBC Switzerland than the bottom half of the top 1 percent (individuals with US\$2-3 million in wealth). In other words, ultra-high net worth taxpayers committed criminal tax evasion at a much higher rate than the merely rich.

The study is surprising because prior research has shown Scandinavian countries have some of the highest taxpayer compliance rates in the world. If criminal tax evasion is so prevalent among ultra-high net worth Scandinavian individuals, it could be worse in other countries.

These findings are consistent with a 2018 study that reviewed taxpayer behaviour in Colombia and found that the wealthiest 0.01 percent are 24 times more likely to be named in the Panama Papers than the wealthiest 5 percent (Londoño-Vélez and Ávila-Mahecha 2018). Two-fifths of the top 0.01 percent of income earners disclosed illegal offshore assets after a voluntary disclosure program was announced, with a 900 percent increase in such disclosures after the release of the Panama Papers. Again, the richest of the rich were far more likely to stash their monies offshore than other well-off taxpayers.

The limited social science analysis to date suggests that many of the wealthiest members of society have illegally hidden a portion of their fortunes offshore where it grew tax-free, potentially for generations. The existence of two de facto financial systems – a domestic system for average taxpayers and a global, offshore system for wealthy taxpayers – exacerbates income inequality.

Multinational paradise

In addition to gangsters and millionaires, the offshore world is a paradise for multinational firms to legally avoid an estimated US\$240 billion in taxes per year (OECD 2013; Kleinbard 2011). This section discusses how governments exacerbate income inequality by allowing companies to take advantage of tax havens.

By way of background, most countries, including Canada, give tax breaks to companies if they base a related corporation in a tax haven to “go global.” These governments pursue national interest objectives ostensibly to support companies in their efforts to compete in a global market-place (Christians 2007). To take one example: since the 1970s, due to a quirk in the *Income Tax Act*, Canadian businesses can use a tax haven ‘financing affiliate’ to give a ‘double dip’ loan that allows the businesses to, effectively, get two interest deductions for one loan payment (the federal government engaged in international tax reform in 2008 and decided to keep the tax break) (Cockfield 2008).

And Canada is not alone. Particularly since the 1980s, most governments have been engaged in a ‘race to the bottom’ as they generally reduced corporate income tax rates and gave other forms of tax relief to multinational firms (Altshuler and Grubert 2005).

International tax rules that favour corporations encourage three main income inequality outcomes (Cockfield 2007, 206-213). First, the race to the bottom redistributes government tax burdens away from mobile capital to be focused more on immobile workers, leading to overall less after-tax income for labourers. Second, the reduced taxation on multinational firms enhances their after-tax profits, leading to a greater return for shareholders. Because shareholders tend to have higher incomes, the use of tax havens enhances the income and wealth of these high-income incomes while low-and-middle-income taxpayers generally cannot avail themselves of such benefits.³ Third, the inability to effectively tax multinational firms leads to revenue losses and the corresponding reduction in government services hits middle-and-low-income earners the most as they lose out on government services they would otherwise enjoy.

Governments were generally content to let this course of events continue until the 2008 global financial crisis, which left many governments in greater need for tax revenues from any possible sources. In 2013, the OECD and the G20 began the most ambitious international tax reform effort in history called BEPS (tax ‘base erosion and profit shifting’), which essentially means aggressive international tax planning (OECD 2013).

The 2017 Paradise Papers showed how, four years after the BEPS process was initiated, multinational firms continued to engage in aggressive international tax planning (ICIJ 2017). This leak revealed how the ownership of all-impor-

tant intangible assets – such as the rights to Nike’s Swoosh trademark, Uber’s taxi-hailing app, and medical patents covering such treatment options as Botox – could all be traced to a five-story office building in Bermuda occupied by Appleby, a law firm, and Estera, an offshore financial service provider. Similarly, the ownership of Facebook’s user database and rights to use its platform technology was held by companies in a small office building, used by Appleby and Estera, on Grand Cayman, a Caribbean tax haven. In other words, the legal ownership of these intangible assets was traced to shell corporations that had registered addresses in tax havens.

Multinational firms sometimes create tax plans that base or transfer intangible assets such as databases, copyrights or patents within or to an offshore corporation so that cross-border royalties will be paid to the tax haven-based corporation and taxed at the tax haven’s income tax rate, which is normally zero (Cockfield and Kerzner 2018, 141-147). These intangible assets are mobile in the sense their ownership can be shifted ‘on paper’ to tax havens where they attract low or nil taxation – while still complying with all tax laws.



Legal tax avoidance plans ... reduce tax revenues and make it harder for the government to fund public goods.

The Paradise Papers also revealed how Apple aggressively sought out new offshore tax savings after suffering bad media about prior tax plans. In light of negative media surrounding a global tax avoidance scheme called a ‘Double Irish with a Dutch Sandwich,’ Apple restructured by shifting two Irish corporations to Jersey, a tax haven located off the coast of Great Britain (Drucker and Bowers 2017). As a result of these moves, Apple managed to once again greatly reduce its global tax liability.

The problem is that legal tax avoidance plans, which are widely-deployed by the Canadian business community, reduce tax revenues and make it harder for the government to fund public goods. In recent high profile cases involving taxpayers like Cameco and Loblaws, the government unsuccessfully challenged aggressive tax planning that saved billions of dollars in taxes (Li and Cockfield 2018). Legislative reform may be needed to resolve the issue, otherwise Canadian multinational corporations will continue to engage in aggressive international tax planning where the main beneficiaries are the corporations’ shareholders. The main losers are low- and average-income Canadians who lose out on government services or who potentially pay higher taxes down the road to make up for the revenue shortfall.

Unhelpfully, countries like Canada and the United States also have ‘onshore’ laws that provide tax haven-like breaks to taxpayers by allowing them to hide their investments from authorities (Syed 2018; Tax Justice Network 2020).

These onshore rules also need to be reformed so that tax and law enforcement authorities can identify the human investor behind the cross-border scheme.

Legal and policy responses

This section briefly addresses the main Canadian and global responses to challenges presented by tax havens.

First, the federal government has budgeted over \$1 billion in recent budgets to help the Canadian Revenue Agency (CRA) enforce its tax laws surrounding offshore tax evasion and aggressive international tax planning. Canada, unfortunately, has a lousy record with respect to prosecuting offshore tax cheats, to put it mildly (Chown 2016; Chodikoff 2017). In June 2020, the CRA acknowledged that no Canadian taxpayers identified in the Panama Papers of 2016 have been prosecuted for offshore tax evasion or any other crime. Yet these prosecutions are needed to promote morale among most taxpayers who, as a result of ongoing tax haven data leaks, increasingly understand that there are two parallel global financial systems: one for the haves and one for the have nots. Over time, the erosion in taxpayer morale may lead to a reduction in tax compliance and increasing revenue losses.

Second, governments around the world are trying to make the global tax system more visible or ‘transparent’ to government officials and members of the public (Kerzner and Chodikoff 2016; McCracken 2010). With respect to individuals engaged in offshore tax evasion, Canada has implemented rules to discern who owns offshore bank accounts via a global agreement called the Common Reporting Standard (CRS). Under the CRS, Canada and other participating governments recently began exchanging information concerning each others’ non-resident bank account owners (more technically, the ‘beneficial owners’ of these accounts) (Cockfield 2017b). The 2021 federal budget allocated \$2.1 million over two years to Innovation, Science and Economic Development Canada for the implementation of a publicly accessible corporate beneficial ownership registry by 2025.

With respect to transparency measures and multinational corporations, Canada has signed onto a global agreement called Country by Country Reporting (CbCR). As a result, multinational firms based in Canada with over €750 million in annual global sales will now have to disclose all tax and similar payments to foreign governments. Previously, Canadian companies generally only disclosed their global income without stating the amount of foreign taxes paid to each country. CbCR will allow the CRA to better assess the risk of whether a corporate taxpayer is engaged in aggressive tax avoidance that does not comply with tax laws.

Third, in 2021, Canada joined with over 130 other countries to sign two im-

portant global tax agreements (Cockfield 2021a; Cockfield 2021b). The first one involves an agreement for governments to implement a minimum corporate income tax rate of 15 percent on foreign profits. The purpose of this agreement is to inhibit the ability of multinational firms to shift profits to tax havens where these profits are subjected to low or nil taxes.

The second global agreement targets large technology firms with global annual sales of over €750 million. These large firms will be assessed a new tax by market countries where consumers are based even if the firm does not maintain a physical presence within the market country (Cockfield 2006; Cockfield 2020; Cockfield, Hellerstein and Lamensch 2020). Accordingly, Canada will be able to tax companies such as Google, Facebook and Netflix – large technology companies that enjoy significant revenues attributable to purchases by Canadian consumers but that have traditionally avoided paying Canadian income taxes because they do not need to set up shop in Canada.

Both of these global agreements may falter if governments cannot agree on detailed rules to implement the framework. To the extent that Canada and other governments implement the agreements, it should help Canada tax multinational firms at higher levels, which in turn might reduce income inequality encouraged by the use of tax havens. If the agreements are not ultimately implemented, the Canadian government has indicated it will legislate a digital services tax to tax foreign tech giants.

Conclusion: The Road Ahead

The Pandora Papers contained revelations that are consistent with prior tax haven data leaks. Over time a clearer picture has emerged whereby the offshore world privileges three main actors: criminals, millionaires and multinational corporations.

Governments presumably did not purposefully create a paradise for criminals and hence laws and policies for decades have tried to inhibit criminal behaviour although with little effect. Similarly, governments normally do not promote the offence of offshore tax evasion. Catching these crooks takes political commitment, resources and government willingness to be held accountable for outcomes.

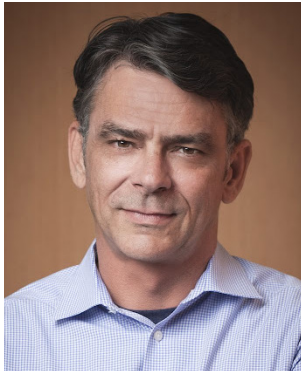
Shutting down the unintended tax haven breaks for individuals who engage in legal tax planning would be more straight-forward. Under the general approach, a Canadian resident taxpayer should pay the same tax burden on their sources of domestic income and foreign income. The problem is that new tax products and avoidance strategies are continually developed by promoters and offered to high-net-worth taxpayers. When the advisor advice is negligent or reckless, the government should pursue sanctions against the advisors, not the taxpayers who relied on the professional advice. Pursuing

advisors would also act as a deterrent to future efforts for promoters to develop new tax plans involving tax havens – while ostensibly complying with all relevant tax laws.

Cutting back on tax breaks for multinational firms based in Canada would be easier to pull off. For example, to eliminate double dip financing structures – that provide two interest deductions for one loan and thereby significantly reduce global tax liabilities – the government would need to revise one section of the *Income Tax Act* (section 95(2)(a)). Yet successive Canadian administrations have for decades maintained these tax breaks largely as a result of industry lobbying. Any reforms in this direction would thus have to account for industry concerns surrounding promoting international competitiveness.

The main reason to reform the system is that tax haven breaks are privileging the interests of wealthier Canadians (not to mention outright crooks) while average income citizens are left out in the cold. In an era where governments are increasingly worried about the anti-democratic costs associated with growing income inequality, now is the time to take action.

About the author



Arthur Cockfield is a Professor and Associate Dean (Academic) with Queen's University Faculty of Law. He is a member of the Offshore Compliance Advisory Committee, a federal government committee formed to evaluate Canada's ties to the offshore world.

Prior to joining Queen's, Cockfield worked as an articling student and associate lawyer for Goodmans LLP in Toronto. He has worked at the University of West Indies in Barbados and at U.S. law schools, most recently as a Fulbright Visiting Chair in Policy Studies at the University of Texas at Austin. Most of Professor Cockfield's publications focus on tax law. Awards include the Douglas J. Sherbaniuk Distinguished Writing Award from the Canadian Tax Foundation, and a number of fellowships and external research grants for his research.

For most of his courses, he has developed a narrative law teaching method that takes a lawyer/protagonist through a series of problems, and has published related works of fiction.

Professor Cockfield has served as a legal and policy consultant to the Organization for Economic Cooperation and Development, the United Nations, the Department of Justice, the Department of Finance, the Advisory Panel on Canada's System of International Taxation, the National Judicial Institute, the Office of the Auditor General of Canada and the Office of the Privacy Commissioner.

References

Alstadsæter, Annette, Niels Johannesen, and Gabriel Zucman. 2019. “Tax Evasion and Inequality.” *American Economic Review* 109: 2073-2103.

Avi-Yonah, R.S. 2000. Globalization, Tax Competition, and the Fiscal Crisis of the Welfare State. *Harvard Law Review*, 133: 1573-1676.

Boyce, James and Ndikumana, Léonce. 2008. *New Estimates of Capital Flight from Sub-Saharan African Countries: Linkages with External Borrowing and Policy Options*. U Mass. Amherst Political Economy Research Institute, Working Paper No. 166.

Canada Revenue Agency. 2018. *International Tax Gap and Compliance Results for the Federal Personal Income Tax System*. Canada Revenue Agency.

Cashore, Harvey. 2021. “MPs braced for battle with global accounting firm over naming wealthy Canadians behind offshore tax shelters.” CBC News, May 19. Available at <https://www.cbc.ca/news/politics/kpmg-isle-of-man-tax-dodge-shelter-1.6031057>.

Chittum, Ryan and Garside, Juliette. 2017. “Offshore Gurus Help Rich Avoid Taxes on Jets and Yacht.” International Consortium of Investigative Journalists, Nov. 6. Available at <https://www.icij.org/investigations/paradise-papers/offshore-gurus-help-rich-avoid-taxes-jets-yachts/>.

Christensen, John. 2009. *Africa's Bane: Tax Havens, Capital Flight and the Corruption Interface* 1-2 Madrid Real Instituto Elcano Working Paper No. 1 2009.

Christians, A. 2007. “Hard Law and Soft Law in International Taxation.” *Wisconsin Journal of International Law*, 25, 2: 325.

Chodikoff, David. 2017. “Policy Forum: Whistleblowers and the Evidentiary Challenges in Offshore Tax Evasion Cases.” *Canadian Tax Journal*, 65(3): 637-649.

Chown Oved, Marco. 2016. “CRA convicts a fraction of tax evaders.” *Toronto Star*, August 1. Available at <https://www.thestar.com/news/world/2016/08/01/cra-convicts-a-fraction-of-offshore-tax-evaders-exclusive.html>.

Cockfield, Arthur. 2006. “The Rise of the OECD as Informal World Tax Organization through the Shaping of National Responses to E-Commerce Taxation.” *Yale Journal Law and Technology*, 8: 136-187.

Cockfield, Arthur. 2007. "Purism and Contextualism With International Tax Law Analysis: How Traditional Analysis Fails Developing Countries." *EJournal of Tax Research* 199: 199-224.

Cockfield, Arthur. 2008. *Examining Policy Options for the Taxation of Outbound Direct Investment*. Prepared by the Advisory Panel on Canada's System of International Taxation. Department of Finance, September.

Cockfield, Arthur. 2016. "Big Data and Tax Haven Secrecy." *Florida Tax Review*, 12: 483-539.

Cockfield, Arthur. 2017a. "Examining Canadian Offshore Tax Evasion." *Canadian Tax Journal*. 65: 651-680.

Cockfield, Arthur. 2017b. "How Should Countries Share Tax Information." *Vanderbilt Journal of Transnational Law*. 50: 1091-1132.

Cockfield, Arthur. 2018. "Shaping International Tax Law in Challenging Times." *Stanford Journal of International Law*. 54: 223-240.

Cockfield, Arthur. 2020. "Tax Wars: How to End the Conflict over Taxing Global Digital Commerce." *Berkeley Business Law Journal* 17: 353-396.

Cockfield, Arthur. 2021a. "Globalization is alive and well and made healthier by the worldwide minimum tax agreement." *Toronto Star*, July 31.

Cockfield, Arthur. 2021b. "Secrets of the Panama Papers: How Tax Havens Fuel Inequality." *Columbia Tax Journal*, forthcoming.

Cockfield, Arthur, Martha O'Brien, and Catherin Brown (2020). *Materials on Canadian Income Tax*, 16th edition. Thomson Reuters.

Cockfield, Arthur, Walter Hellerstein, and Marie Lamensch. 2020. *Taxing Global Digital Commerce*. 2nd edition. Kluwer Law International.

Cockfield, Arthur and David Kerzner, and Michael Charlton. 2018. *International Taxation Core Concepts*, 2nd edition. Thomson Reuters.

Drucker, Jesse and Simon Bowers. 2017. "After a Tax Crackdown, Apple Found a New Shelter for Its Profits." *New York Times*, November. 6. Available at <https://www.nytimes.com/2017/11/06/world/apple-taxes-jersey.html>.

Dubinsky, Zach and International Consortium of Investigative Journalists. 2021. "Huge 'Pandora Papers' leak exposes secret offshore accounts of politicians, celebrities and billionaires." *CBC News*, October 3. Available at <https://www.cbc.ca/news/pandora-papers-offshore-tax-avoidance-1.6197303>.

Finance Committee, House of Commons. 2013. *Tax Evasion and the Use of Tax Havens*. Report of the Standing Committee on Finance, 41st Parl., 1st sess., May.

Finance Committee, House of Commons. 2016. *The Canada Revenue Agency, Tax Avoidance and Tax Evasion: Recommended Actions*, Report of the Standing Committee on Finance, 42d Parl., 1st sess., October.

Fitzgibbon, Will. 2021. “While foreign aid poured in, Jordan’s King Abdullah funnelled \$100m through secret companies to buy luxury homes.” International Consortium Investigative Journalists, October 3.

Freedberg, Sydney et al. 2020. “Luanda Leaks: How Africa’s richest woman exploited family ties, shell companies and inside deals to build an empire.” International Consortium Investigative Journalists, January 19. Available at <https://www.icij.org/investigations/luanda-leaks/>.

International Consortium Investigative Journalists. 2017. “About the Paradise Papers Investigation.” Int’l Consortium Investigative Journalists, November 5. Available at <https://www.icij.org/investigations/paradise-papers/about/>.

Kerzner, David and David Chodikoff. 2016. *International Tax Evasion in the Global Information Age*. Irwin Law.

Kleinbard, Edward. 2011. “Stateless income.” *Florida Tax Review*, 11: 699-773.

Li, Jinyan, and Arthur Cockfield, with J. Scott Wilkie. 2018. *International Taxation in Canada*, 5th edition. LexisNexis Canada.

Londoño-Vélez, Juliana and Javier Ávila-Mahecha. 2018. *Can Wealth Taxation Work in Developing Countries? Quasi-Experimental Evidence from Colombia* 4. Working Paper No. 482.

McCracken, Sara. 2002. “Going, Going, Gone... Global: A Canadian Perspective on International Tax Administration Issues in the Exchange-of-Information Age.” *Canadian Tax Journal*, 50: 1869-1912.

Obermayer, Bastian and Frederik Obermaier. 2016. *The Panama Papers: Breaking the Story of How the Rich and Powerful Hide Their Money*. One World Publications.

Organization for Economic Co-operation and Development (OECD). 2013. *Addressing Base Erosion and Profit Shifting*. OECD.

Piketty, Thomas. 2013. *Capital in the 21st century*. Harvard University Press.

Credit Suisse Research Institute. 2021. *Global Wealth Report 2021*. Credit Suisse Research Institute, June.

Sentry. 2016. *War Crimes Shouldn't Pay: Stopping the Looting and Destruction in South Sudan*. Sentry, September.

Syed, Fatime. 2018. "Canada's financial system is less transparent than Russia's, report says." *Toronto Star*, January 30. Available at <https://www.thestar.com/news/gta/2018/01/29/canadas-financial-system-is-less-transparent-than-russias-report-says.html>.

Tax Justice Network. 2020. *Financial Secrecy Index 2020 Methodology*. Tax Justice Network. Available at <http://www.financialsecrecyindex.com/PDF/FSI-Methodology.pdf>.

United Nations. 2021. "South Sudanese 'one step away from famine', as UN launches humanitarian response plan." UN News, March 16. Available at <https://news.un.org/en/story/2021/03/1087492>.

Zucman, Gabriel. 2015. *The hidden wealth of nations: The scourge of tax havens*. University of Chicago Press.

Endnotes

- 1 A related forthcoming article on "Secrets of the Panama Papers" will be published by the Columbia Tax Journal in 2021.
- 2 Ms. Blair has indicated that the property was subsequently transferred into her direct ownership to comply with all UK laws.
- 3 The matter is complicated by the fact that tax burden on corporations may in fact be passed on to the company's workers, consumers or other stakeholders.

constructive *important* *forward-thinking*
high-quality *insightful*
active

Ideas change the world

WHAT PEOPLE ARE SAYING ABOUT MLI

The Right Honourable Paul Martin

I want to congratulate the **Macdonald-Laurier Institute** for 10 years of excellent service to Canada. The Institute's commitment to public policy innovation has put them on the cutting edge of many of the country's most pressing policy debates. The Institute works in a persistent and constructive way to present new and insightful ideas about how to best achieve Canada's potential and to produce a better and more just country. Canada is better for the forward-thinking, research-based perspectives that the **Macdonald-Laurier Institute** brings to our most critical issues.

The Honourable Jody Wilson-Raybould

The **Macdonald-Laurier Institute** has been active in the field of Indigenous public policy, building a fine tradition of working with Indigenous organizations, promoting Indigenous thinkers and encouraging innovative, Indigenous-led solutions to the challenges of 21st century Canada. I congratulate **MLI** on its 10 productive and constructive years and look forward to continuing to learn more about the Institute's fine work in the field.

The Honourable Irwin Cotler

May I congratulate **MLI** for a decade of exemplary leadership on national and international issues. Through high-quality research and analysis, **MLI** has made a significant contribution to Canadian public discourse and policy development. With the global resurgence of authoritarianism and illiberal populism, such work is as timely as it is important. I wish you continued success in the years to come.

The Honourable Pierre Poilievre

The **Macdonald-Laurier Institute** has produced countless works of scholarship that solve today's problems with the wisdom of our political ancestors. If we listen to the **Institute's** advice, we can fulfill Laurier's dream of a country where freedom is its nationality.

M A C D O N A L D - L A U R I E R I N S T I T U T E



323 Chapel Street, Suite 300,
Ottawa, Ontario K1N 7Z2
613-482-8327 • info@macdonaldlaurier.ca

 @MLInstitute

 facebook.com/MacdonaldLaurierInstitute

 youtube.com/MLInstitute

 linkedin.com/company/macdonald-laurier-institute