



The IUSB Preface

Panama Papers: 4 reasons why Panama's a tax haven

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April 7, 2016

Millions of confidential documents were leaked from the Panama-based law firm, revealing details of how some of the globe's richest people funnel their assets into secretive shell companies set up here and in other lightly regulated jurisdictions.

It is not illegal to have dealings with a tax haven - and in fact there can be very legitimate reasons to conduct business there, such as investing in a hedge or mutual fund. And tax havens are often used by business people in unstable countries where they are at risk of "raids" by criminals or their governments. They like to joke that if they're crooks, they've learned it from the world's wealthy nations.

HSBC isn't the only one to face allegations in the fall-out from the *papers* leaked from Panamanian law firm Mossack Fonseca - Credit Suisse and RBS-owned Coutts have also been forced to issue denials of wrongdoing.

A popular illegal financial method which has been used for many years is money laundering. But not the U.S. As the Cato Institute's Dan Mitchell pointed out as soon as the *papers* came out, most parts of this story and other tax haven stories are non-stories. The findings were startling: All countries scored poorly. As such, he wants to do something that might be even more radical than what France has done.

Dmitry Peskov says the leaked documents from a Panama-based firm have been wilfully interpreted by an global consortium of investigative journalists to make what he called an unfounded claim that cellist Sergei Roldugin's offshore assets were linked to the Russian president.

"The government should establish more effective administrative sanctions on professional enablers by encouraging professional bodies to withdraw professional licences from those implicated in such cases, in addition to prosecuting those who are personally involved", the report said.

The files showed that Britain had the third highest number of Mossack Fonseca's middlemen operating within its borders, with 32,682 advisers. "We can't know anything of what they're doing".

The ownership of these shell companies can be easily transferred, through the use of bearer shares and bonds, whose ownership belongs to the person that holds the physical stock certificate. Until recently, Fonseca was president of the governing Panamenista party and served in Varela's Cabinet as a special adviser.

The 11.5 million documents leaked are being called the "Panama Papers," and the willingness of the unknown whistle blower to leak the documents to a German newspaper is a triumph of public information that must be imitated if the relationship between journalists and society is to remain meaningful.

Soraya Saenz de Santamaria told the Telecinco broadcaster in an interview Tuesday that Panama's government appears inclined to cooperate with Spanish authorities probing the companies in various tax havens created by Panamanian law firm Mossack Fonseca.

Some say Panama's stigma as a haven for illicit cash is well deserved and cleaning up will be hard. There are many such countries or authorities around the world, including the British Virgin Islands, Macao, the Bahamas and Panama.