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U.S. Election Results May Ease Obama Anti-Offshore Pressures

Bob Bauman (November 18, 2010)

Dan Mitchell of the Cato Institute was my guest recently in our monthly audio interview sent to all [Freedom Alliance](#) members.



I asked Dan what might be the impact on offshore issues of the Republican control of the U.S. House of Representatives and reduced Democrat numbers in the Senate in the next U.S. Congress.

I was especially interested in whether it may be possible to repeal or at least modify FATCA, the Foreign Account Tax Compliance Act (part of the [HIRE Act](#)), the sneak law that pretends that the U.S. government has jurisdiction over every bank in the world.

As am I, Dan is an old Capitol Hill hand, and we both agreed that there will be attempts originating in the House of Representatives to change FATCA and also repeal the outrageous Obama socialized health care provision that requires an IRS Form 1090 to be filed on every business transaction of \$600 or more.

Left & Right Agree

But for a view from the Far Left of the anti-offshore lobby, let's turn to one **Richard Murphy**, he of the so-called **Tax Justice Network**, [about which I have commented before](#).

Murphy told the Swiss news media that "Republican gains in the U.S. mid-term elections may hamper Obama's tax haven crusade for the time being." He believes the change in the political landscape will slow, but not necessarily stop the offshore clampdown.

Murphy's ultra-leftist group, the Tax Justice Network, is a leading advocate of outlawing tax competition among countries. TJN works with birds of a feather high tax advocates in the EU, OECD and UN.

Mitchell, by contrast, is a co-founder of Center for Freedom & Prosperity and is one of the globe's foremost scholars and commentators on the benefits of tax competition, fiscal sovereignty, and financial privacy.

Agreement by both ends of the political spectrum that the anti-tax haven, anti-tax competition pushed by President Obama and Senator Carl Levin (D-MI) will be abated is good news. And Dan assured me that the Center for Freedom and Prosperity will continue its lobbying in Congress to make changes.

Swiss Benefit

Meanwhile another evidence of the failure of Obama's anti-offshore campaign is seen in the rush to Switzerland by many international corporations formerly located in tax havens that are under U.S. pressure.

Obama's anti-offshore legislative assaults were supposed to force repatriation of corporate tax revenues to the U.S., but they response from companies has been to relocate to Europe. Switzerland and Ireland have been the most popular destinations for setting up new domiciles.

Weatherford International started trading on the Swiss stock exchange this week after moving operations from Bermuda and Houston last year. Switzerland's low corporate tax regime was a reason for **Tyco Electronics**, the world's largest supplier of electronic connectors, to announce last year that it would reincorporate its business from Bermuda to Switzerland.



Weatherford plies its trade in the oil and gas industries, specializing in drilling, pumps, elevators and a range of other services for exploration. Its Swiss move mirrors that of offshore drilling company **Transocean**, which incorporated its operations from the Cayman Islands to Switzerland two years ago.

Insurers Too

Similarly, Switzerland, home to many insurance giants, has been attracting more. **Allied World** announced last month that it would relocate its domicile from Bermuda to Zurich. The **ACE Group** will also move some operations away from the Cayman Islands and Bermuda to Zurich.

British registered **Amlin Re** has said it will transfer the running of its Bermuda-based services to Zurich. **Catlin Group** will set up a Zurich branch to internally underwrite its Bermudan business activities. Two years ago, **Paris Re** announced it would merge its Bermudan operations with its Swiss based branch.

After the beating given to Switzerland by the U.S. Internal Revenue Service in the UBS tax evasion scandal, it appears that the Swiss may on balance be gaining from the anti-offshore policies of Obama and company.



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About the Author

Robert E. "Bob" Bauman, legal counsel to The Sovereign Society, serves on its board of directors and was the founding editor of The Sovereign Society Offshore A-Letter, more than a decade ago.

Society members and many others know Bob as the prolific author of many articles, reports and books. His writings have appeared in The Wall Street Journal, the New York Times, National Review, Human Events and many other publications.

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- [Karla](#): Thank you for the wake up and fine analysis. This is the kind of information I value as a Freedom Alliance...
- [Yannis](#): Please advise whether Cyprus is among the nations that honor/protects trusts and any details that may be in...

- [camilo quelquejeu](#): I agree that Free Trade is the Problem, and not the Solution ! If the USA had 100% Duty on all...
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