The story of the vanishing tax revenues....

- Jahanzeb Akhtar
- Indian Revenue Service
- Principal Commissioner of Income Tax

aka... down the rabbit hole!! (apologies to Lewis Carroll and to Alice in wonderland)
Global companies are parking cash in tax havens...

Current share of profits shifted to top tax havens by US multinationals

Effective tax rate

<table>
<thead>
<tr>
<th>Country</th>
<th>Effective Tax Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Switzerland</td>
<td>4%</td>
</tr>
<tr>
<td>Ireland</td>
<td>3%</td>
</tr>
<tr>
<td>Netherlands</td>
<td>2%</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>1%</td>
</tr>
<tr>
<td>Bermuda</td>
<td>0%</td>
</tr>
</tbody>
</table>

Share of declared profit shifted to tax havens

- 60%
- 70%
- 80%
- 90%
- 100%

Gone to tax haven heaven

- The global tax loss could run to half a trillion...
- Global annual tax losses: $500-billion
- And trillions in private wealth are held offshore
- Estimated offshore private assets: $32-trillion*

*Of which $1.3-trillion is owned by Africans

Source: Tax Justice Network, Nov 2017

“Well! I’ve often seen a cat without a grin,” thought Alice; “but a grin without a cat! It’s the most curious thing I ever saw in all my life!”

“I’m Not Crazy
My Reality Is Just Different Than Yours”

MNC Profits without taxes? HNI wealth without taxes? Illicit Financial Flows?
Opaque financial systems
(with some leaks!!)

The Queen of England & Bono of U2 amongst the names – 2017- Law Firm Appleby- Bermuda
13.4 million documents – 2016 – Mossack Fonseca
Secrecy .... Fledgling transparency

Harmful tax competition

Tax evasion/ avoidance

Declining corporate tax rates in developing countries

BEPS: Band Aid for a broken system?

Unfair division of tax base

All the biggies
Who will make the rules? OECD vs UN

Taxing the digitalized economy

“Imagination is the only weapon in the war against reality.” — The Cheshire Cat
"It's no use going back to yesterday, because I was a different person then."

(Alice)

Thank you!!

“If you don’t know where you are going, any road can take you there.” – The Cheshire Cat

‘TAX’ is not a four-letter word