

The cost of tax havens

Published: January 13, 2026, 4:54 am

MSNBC has [reported on findings](#) to be discussed before a Senate Committee in the USA today.

Key amongst the claims are that:

Offshore tax havens hold trillions of dollars in assets and allow wealthy Americans to avoid paying \$40 billion to \$70 billion in taxes each year

and that

To address the problem, tax, securities and money laundering laws should be changed to presume that a U.S. citizen should be taxed on money in a trust or corporation in a country known to the Treasury Department to be a tax haven, said Sen. Carl Levin of Michigan, the top Democrat on the investigative subcommittee. That would put the burden on the taxpayer to prove the money should not be taxed.

Carl Levin is right. This is the right test. But there's another solution. As the report notes:

The arrangement typically starts with a promoter, someone who sells wealthy people on the advantages of moving money offshore and who recommends a country or service provider to those clients.

This is what I call 'the supply side problem'. If you knocked out the major banks (see yesterday's feature on the Bank of America), no more than ten firms of accountants and the same number of lawyers the credibility of offshore would be seriously damaged. Many people would not trust it. And whilst these people (and you know who they are) continue to operate in the offshore world they undermine the whole of the world's tax system, and with it the credibility of democracy and the lifestyle that goes with it.

So my solution goes one step beyond Senator Levin's. I would withdraw banking, audit, investment business and other licences from the onshore activities of these organisations until they closed (not sold) the offshore parts of their activity. Of course I

know there are regulatory problems with this. And I know that this will not close offshore. But it will harm it enormously. Which is a start.