

Tax evasion is corruption

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My Tax Justice Network colleague, John Christensen presented an important speech to the Royal Geographic Society on 1 September. This received extensive coverage in the Guardian on 2 September.

The key message was straightforward. Tax evasion is corruption, and given the fine and frequently unidentifiable line between tax evasion and tax avoidance when secrecy comes into play, much of what is labelled offshore tax avoidance is no doubt corrupt as well.

This is important, firstly because there are anti-corruption conventions in existence but the UK is reluctant to commit to them. Is that because of its commitment to its tax havens? The possibility has to be real.

And there's a second consequence. We have a lot of respect for our many friends in Transparency International (TI), but as John showed in his speech, their Corruption Perceptions Index does not include tax evasion or avoidance in its definition of corruption which focuses on the abuse of power by those in public authority. As a result 40% of the countries identified as least corrupt by the TI index are major tax havens, including Switzerland (ranked 5th cleanest by TI), the UK, Luxembourg, Hong Kong, the USA, Belgium and Ireland.

We're not saying TI have got their work wrong. But it is a 'perceptions' index. And we're suggesting that current perceptions of corruption are wrong. By concentrating in particular on corruption by those in the public sector it has ignored the 'supply side' of corruption (made up of the massed ranks of accountants, lawyers and bankers who work in tax haven activities) and as such, inadvertently TI is helping protect high level abuse from scrutiny.

No one denies that corruption is an issue in developing countries. But as John notes, one Nigerian who worked hard for the repatriation of funds looted from his country by former president Sani Abacha said "It is rather ironical that the European based Transparency International does not think to list Switzerland as the first or second most

corrupt nation in the world for harbouring, encouraging and enticing all robbers of public treasuries around the world to bring their loot for safe-keeping in their dirty vaults." John was right to quote this. The gentleman who supplied the quote was accurate in his perception.

We need to change our perceptions, and hope that TI will rise to the challenge because they're in a great position to take on this challenge.

PS The speech by John has been covered by the Guardian, Telegraph, London Evening Standard, Sydney Morning Herald, the BBC World Service and many others. Reception has been good.