

Tax haven crackdown

Published: January 13, 2026, 2:19 am

[Associated Press](#) has reported:

British Prime Minister Gordon Brown said he and French President Nicolas Sarkozy agreed at a summit in this Alpine resort to call for a March 2010 deadline for sanctions against tax havens that fail to bring their transparency up to international standards.

"The world should be in no doubt that the writing is on the wall for tax havens," Brown said. "Tax transparency, full exchange of tax information and reducing tax avoidance are crucial for the health of the global economy," Brown said.

Sanctions under consideration include cutting investment, imposing taxes on funds held in tax havens, and the withdrawal of aid, Brown said.

So that's the good news.

The bad news is that signing just 12 Tax Information Exchange Agreements gets you off the hook. And there is no evidence they work.

As I said in my recent article for the Cayman Financial Review:

As the standard TIEA makes clear^[1], a TIEA request must provide or state:

- (a) the identity of the person under examination or investigation;
- (b) what information is sought;
- (c) the tax purpose for which it is sought;
- (d) the grounds for believing that the information requested is held within the jurisdiction of which request is made;
- (e) to the extent known, the name and address of any person believed to be in possession of the requested information.

The reason for the low number of information requests becomes obvious immediately. There is considerable secrecy within Cayman about trusts of all sorts. Determining from readily available sources the ownership and control of companies is almost impossible in Cayman. Cayman has official banking secrecy. In that case the chance of linking assets owned by a company in turn controlled by a trust of which the person under investigation may or may not be settler and / or beneficiary is remote in the extreme. In consequence the existence of TIEAs is immaterial: the reality is they have no practical value.

That makes it harder to get excited about the threat.

But it is a move in the right direction.

[1] <http://www.oecd.org/dataoecd/15/43/2082215.pdf> accessed 1-6-09