

The right wing logic on tax havens is the equivalent of...

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I'm amused to read a typical right wing response to Tax Justice's new report - The Price of Offshore Revisited, which suggests that as much as \$32 trillion of wealth may be located in tax havens - is to suggest that the problem could be solved by cutting the rate of tax on the wealthy.

Let's just think through the logic of that for a moment. What Eric Jackson, [who suggested this in Forbes](#), is in effect saying is that the best way to reward those who have in very many cases broken the law by hiding their wealth offshore so as to undermine the state to which they do not wish to contribute is to undermine the state in its own backyard instead. We should next be expecting them to suggest that the best way to beat burglars is to ban locks. The logic would be identical.

There is, of course, a much better logic, akin to reinforcing the locks. That requires three things. The first is to demand automatic information exchange from all tax havens - so they have to disclose which people from another state have interests in bank accounts, companies, trusts and foundations in those places. That would immediately make hiding cash there near impossible.

Second, offshore wealth hidden in tax haven trusts and companies has all to be attributed to the person who put it there - including to their estates if they've since died. It doesn't matter if they don't get the income from offshore. That would be their choice after all. They should be taxed on it in their home state anyway. And it should be subject to a penal tax rate. And if there is no income a deemed rate of return on asset value should be applied instead and that should then be taxed instead.

Third, those who do not cooperate should be subject to onshore asset forfeiture. And their right to use domestic courts to enforce their claims on offshore wealth should also be denied to them.

Yes, these proposals are penal. They are meant to be. Society has to expect its leaders to comply with the law. And if they don't examples have to be made of them. That's why penal policies are justified.

But there's another good reason for this. Do this and domestic tax rates will suddenly look very attractive indeed. As they are already for the very wealthiest. They just have to realise it. And they may need a little help from policies like these to appreciate that. And we need to supply these lessons because without such incentives to come onshore the 0% of offshore abuse will always be more attractive than an onshore positive rate of tax - as all who suggest policies of the sort Mr Jackson has proposed know all too well. Which is why we have to see his proposal for what it really is - which is just another attack on the state, and not a serious tax proposal at all.