Funding the Future

The BVI's tax information exchange is in chaos - and it...

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As the OECD has noted in a new report on information exchange:

British Virgin Islands : The Phase 2 review shows that the Virgin Islands experienced some difficulties obtaining and exchanging information for tax purposes during the three-year review period from 1 July 2009 — 30 June 2012.

Its exchange of information partners indicated that in a significant proportion of cases the responses to EOI requests were incomplete. This was largely because no clear organisational process was in place, resulting in the Virgin Islands not using its access powers effectively. In particular accounting information was not obtained or exchanged in many cases. A reorganisation of the Virgin Islands competent authority has taken place since the end of the review period.

BVI has well over 400,000 offshore companies.

It came 11th on the **Tax Justice Network Financial Secrecy Index.**

According to Withers, solicitors:

The BVI is a popular jurisdiction for investors from emerging markets to use when structuring their affairs. The BVI has more offshore companies than any other country with just short of 500,000 active companies. It is also the second largest fund jurisdiction in the world, and the fourth largest insurance captive domicile. According to a ***Financial Times*** survey, the BVI is the second largest source of international foreign direct investment globally, with upwards of US$125 billion invested through the BVI each year.

And it has no effective information exchange. That's not by chance. I suspect, very strongly, that's be design.

It's no use Monaco and San Marino having powers to information exchange: no one uses them. They do use BVI.

And that's precisely why the UK needs to exert its right to impose a requirement of transparency on the BVI, as the ***UK Corporate and Individual Tax and Financial Transparency Bill demands*****.**