

Deloitte's decision to promote Mauritius tax use was an...

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Yesterday I noted [the report from Action Aid](#) on Deloitte's promotion of Mauritius as a 'tax efficient' base to invest in Africa because it reduced tax bills in places like Mozambique. As Action Aid reported:

As part of the presentation the document illustrates how tax can be avoided by giving the example of Mozambique. It shows how withholding tax can potentially be reduced by 60 per cent and capital gains tax by 100 per cent for companies that operate in Mozambique.

Mozambique is one of the poorest countries on the planet, where over 50 percent of people live below the poverty line and average life expectancy is only 49.

I have to say I was initially bored and then offended by the number of comments on this blog saying what Deloitte was doing was just fine. The anti-African sentiment was extraordinary. The immorality of much of the defence was brazen. Those comments were deleted: I have no time for such sentiments and do not have any obligation to afford them space here, but they made me reflect.

So let me be clear about why we attack Deloitte for promoting such action. First of all, despite claims to the contrary, tax is paid in Africa and it is used for the common good. Of course African tax systems are not perfect: we know that and no one has done more than the NGO community to tackle such issues. The Extractive Industries Transparency Initiative was an NGO initiative. So is country-by-country reporting. As is the international demand for automatic information exchange to tackle corruption. And the whole anti-tax haven campaign began with NGOs. But we also believe that unless tax is paid government is not supported, accountability within government is not created and the common good is not promoted by governments that are held to democratic account by their electorates. In other words: paying tax is key to reform. That is why we promote the idea of tax paying as a public good, especially in such countries. Deloitte undermine it. we consider that a fundamentally anti-democratic act.

Secondly, using such treaties is not like, as some have suggested, promoting the use of

an ISA because both are legal. Lots of things are legal that I find utterly morally objectionable from nuclear weapons to cigarettes and payday loans at 5,000% apr. Legality is not the same as either ethical or moral. The argument that because something is legal it is acceptable is absurd: the consequences of an action have always to be considered by an ethical person whatever its legality. In this case people will die because of the denial of resources that Deloitte promotes. That is, I think, a fact. I consider that a wholly unacceptable, immoral, outcome of their action whatever its legality. I, and others, reserve our right to condemn them for it.

Thirdly, the argument that these treaties are legal is also on occasion open to doubt. I do not know the provenance of all African double tax treaties: what i do know is that many were imposed on these countries as a condition of the grant of aid and loans. The [so called Washington Consensus](#) demanded that they open their borders to foreign investment on a tax incentivised basis and the result is this abuse. So let's not pretend for a minute that these countries chose to be exploited in this way: it was imposed on them by a corrupt market ideology that Deloitte are now exploiting for their private gain at cost to the public good.

And yes, I do condemn Deloitte for doing just that. Their tax gain will cost lives. I presume they can live with that. I could not.