

The US finally admits it is a tax haven

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According [to the Guardian](#) this morning:

Barack Obama is launching a crackdown on international tax evasion in response to recent disclosures in the Panama Papers revealing the scale of offshore financial activity.

In a series of initiatives announced by the White House on Thursday night, the president will take executive action to close loopholes used by foreigners in the US and call on Congress to pass legislation.

As the paper notes, the chance of the latter is limited, which is why the option of executive action is being used instead.

In this context what is being done should also be noted. As the paper reports:

The initial package of measures outlined by the White House this week may not go as far as some campaigners wish, but focus largely on increasing transparency regulations as a tool to flush further offshore tax abuses into the open. These include

- * *immediate executive action to combat money laundering, terrorist financing, and tax evasion with tighter transparency rule*
- * *new treasury rules closing a loophole allowing foreigners to hide financial activity behind anonymous entities in the US*
- * *Stricter “customer due diligence” rules for banks handling money on behalf of clients*

Let's put this another way. The US is taking very tentative steps towards undertaking those actions that it already expects the rest of the world to perform to protect its own revenues. In the process it may make it very slightly harder to use the USA as a tax haven.

That is progress, of course, but let's be under no illusions about this. First these

announcements may not result in action. Second, the loopholes in the US look likely to remain gaping and readily available. Third, the US is doing all it can to block real transparency, such as public country-by-country reporting, where it is the major obstacle to the EU proposal on the issue.

I welcome this move, of course. But the words too little and too late come to mind at the same time.