

Taming the inclination to tax abuse

Published: January 13, 2026, 8:10 pm

I am giving a lecture at SOAS today on how to tame tax abuse. These are the slides:

Taming the inclination to tax abuse

- * Lecture by Richard Murphy
- * Professor of Practice in International Political Economy, City, University of London
- * SOAS, 17 January 2017

Background

- * Continuing reports of tax avoidance and tax evasion suggest neither is going out of fashion
- * Press interest in the area remains high
- * But regulators would have it that the problem is largely solved
- * What's the reality? Can the inclination to abuse be tamed?

Over-riding themes in my argument

- * There are three themes to the arguments the follows
- * The political economic environment in which tax abuse is taking place is continually changing
- * Politicians and regulators are continually behind the curve with required changes as a consequence
- * Implementation is even later as a result
- * So the inclination to abuse remains intact

The developing political economic environment

- * This has moved through a number of phases of concern:
- * Tax havens in the late 1990s
- * OECD and EU initiatives
- * Terrorist financing
- * The tax haven concern of the Bush era
- * Tax haven abuse post 2008
- * Exploiting the rise of the tax justice movement
- * Multinational company tax abuse
- * Responding to UK Uncut and Google et al
- * Private wealth abusing tax havens
- * Piketty and the Panama Papers

The responses to changing political economic environments

- * A range of initiatives, almost all originating in one publication:
- * 'Tax us if you can', Murphy and Christensen, Tax Justice Network, London, 2005

Country-by-country reporting

- * The requirement that a multinational company provide limited profit and loss account and other accounting data for each country in which it trades, without exception
- * Now a requirement for EU banks
- * And a requirement from the OECD for all companies turning over more than â,-750 million, but only to tax authorities
- * Public disclosure being fought heavily by tax havens in EU - sure evidence they think it will not help them
- * Considered the great success of the OECD Base Erosion and Profit Shifting Initiative

Automatic information exchange

- * The supply of data from tax haven banks to the tax authorities of their clients' home states confirming account ownership, balances deposited and limited income data
- * Applies to beneficially owned accounts as well as those in own name

- * Meant to be operative by 2018 for more than 100 countries

Beneficial ownership data

- * A demand that all companies and trusts file information on public record as to their beneficial ownership
- * UK has led the way on companies
- * No one is doing trusts
- * Many EU countries are resisting
- * And the U.K. arrangement is riddled with loopholes

The implications in 2017

- * Corporate tax transparency is taking place in secret
- * The beneficial ownership data to ensure automatic information exchange is meaningful almost certainly does not exist
- * Automatic information exchange may only have impact because of behavioural consequences in that case
- * In fact fear of exposure may be the biggest motivator for change there has been and the smoking gun changes may have helped with that
- * But for all the hype the new systems may just be token gestures

The new political economic environment

- * 'We are, in short, at the end of both and economic period - that of western-led globalisation - and a geopolitical one - the post cold war "unipolar moment" of a US-led global order'
- * Martin Wolf, The Financial Times, 5 January 2017
- * What might this new environment mean?

What do we do now to tame abuse?

- * If the new environment is about patriotic populism that rejects the power of elites and multinational companies and the tax havens they use how is the paradox of tackling tax havens resolved within the new constraints of nationalism, trade barriers and increased international competition?

Route one to taming abuse - focus on the domestic scene

- * It's a legacy of the development of the tax justice movement that the focus has always been on tax haven abuse
- * The reality is that most tax abuse has always been evasion and not avoidance and most has been domestic and not international
- * A government that wants to tackle tax abuse has to now embrace the reality

Ending domestic tax abuse

- * Calculate tax gaps
- * Properly regulate companies
- * Require domestic automatic information exchange from banks
- * Resource tax authorities properly
- * Scrape all available databases
- * The willingness to do any of these things is absent at present - so the inclination to abuse is untamed

Route two to taming abuse - the new international dialogue

- * The new international dialogue is dependent upon realising the global financial capitalism is killing capitalism as we've known it. It is:
 - * Concentrating wealth
 - * Denying capital to those who need it
 - * Reducing risk taking
 - * Encouraging the rise of rentierism
 - * Destroying the chances of market entry
 - * Denying the data needed to make rational capital allocation decisions

The foundations of a new international capital consensus

- * Tackling tax abuse and all that goes with it is a necessary condition for the survival of capitalism
- * If it cannot morph into a new form that tackles tax haven abuses to reinforce the role that capitalism was always intended to have the new form of political economy that Martin Wolf foresees will not embrace capitalism as we have known it

* There is a choice to be made. But please don't ask me what might happen.