

# The Tax Justice Network's State of Tax Justice Report i...

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The Tax Justice Network has just published this as part of the launch of what it calls The State of Tax Justice Report 2023:

<https://twitter.com/TaxJusticeNet/status/1683740120376020992?s=20>

I should place the comments that follow in context. I was a co-founder of the Tax Justice Network in 2003 and, with John Christensen, effectively co-managed it for its first ten years of existence. Like John, [I now have nothing to do with it](#), and they, in turn, have virtually written us out of their published history.

I am quite sure that the Tax Justice Network did not intend that I have an advance copy of this report but a journalist asked me to comment on it last week and so I have done so and reviewed its content.

I was amused to note as a consequence that, quite extraordinarily, the findings of this report with regard to supposed tax losses arising from corporate and individual abuse of tax havens are almost identical to the estimates previously published in 2021. The [TJN says today](#) that:

*The Tax Justice Network reports that countries around the world are losing US\$472 billion in tax a year to global tax abuse. Of this annual loss, US\$301 billion is lost to multinational corporations shifting profit into tax havens and US\$171 billion is lost to wealthy individuals hiding wealth offshore.*

In 2021 the respective figures were \$312bn and \$171bn. It seems that when it comes to tax gap estimates that the Tax Justice Network is as predictable in its conclusions as HM Revenue and Customs are with regard to the UK tax gap.

I make a point for a good reason. Just as I now see very little reason for the Tax Justice Network to publish regular updates of its Financial Secrecy Index (which I directed in its first iteration in 2009), I can also see no reason for it to publish regular updates to this State of Tax Justice report when, just like the Financial Secrecy Index, all it seems to confirm is that the Tax Justice Network's methodology cannot identify any changes as

having taken place in the phenomena that they seek to observe.

There are, of course, two ways of interpreting that outcome. One is to suggest that nothing has changed. Alternatively, and I would suggest more appropriately, the methodology used is wrong.

In practice, I reviewed the methodology used in the State of Tax Justice Report in [both 2020 and 2021, and as I noted at that time](#), that methodology is so riddled with false assumptions that any claim made by the Tax Justice Network based on it should be considered deeply unreliable.

The main flaws were, firstly, that all deposits held in tax havens are assumed to be illicit. That is not true.

Second, it is assumed that little or none of the income earned on the sums saved in tax havens is declared to appropriate tax authorities with the right to know about this income. Again, this is not true. There is strong evidence to suggest that at least 80% of that income is declared to the authorities that have the right to tax it.

Third, the rate of income earned on offshore investments is assumed to be higher than that available onshore, which is simply untrue.

As my details analysis shows ([available here, as a PDF](#)) this report is a hopeless representation of the losses that might be caused by tax havens. It would seem that the Tax Justice Network has not noted any of the massive advances in the treatment of tax havens promoted by the Organisation for Economic Cooperation and Development in recent years when undertaking its work, despite the fact that many of those advances (from country-by-country reporting to automatic information exchange from tax havens) were demanded by John and myself and those we worked with in Tax Justice Network until about 2015, and largely resulted from our patient negotiation of all these issues through the OECD's processes at that time.

So why does TJN persist with publishing this nonsense? I offer three reasons.

First, TJN wants to pretend that the tax haven problem still exists on the scale that it once did because no one now at TJN now has any understanding of any other aspect of the tax justice debate, including the problems that exist within most domestic economies which is where most tax abuse now takes place, which fact they quite absurdly deny.

Secondly, TJN now only really exists to produce indices and they cannot admit that the data they produce is meaningless and not even newsworthy because to do so would put them out of the only jobs they know.

Third, TJN persists in pretending that the OECD has achieved nothing for tax justice when that is obviously untrue. Instead, they suggest that the United Nations take over

managing this task when the UN has no skills in this area, the Security Council will never agree to take this on, and the world's major countries would also not participate in any such process. I analyse this issue [further here](#). For saying this, I am, according to rumours I hear, considered by some to be a white, imperialist, pro-colonialist, anti-feminist, when nothing could be further from the choice. I would just rather have real change instead of pointless posturing.

So, what to conclude? I suggest three things that reflect my current opinions.

First, in its current form the Tax Justice Network is a redundant organisation. I hope its funders take note.

Second, the media should stop treating this report as credible when it clearly is not.

Third, we need a new Tax Justice Network, nothing like the one we now have, with that new organisation having the capacity to take on new issues that provide civil society with the tools it needs to tackle the inherent prejudice in existing tax systems so that they might be reformed. By far the most useful such tool [might be tax spillover analysis](#) but the Tax Justice Network and other NGOs have ignored this issue. It's time that they woke up to it, and that their funders did.

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*UPDATE: I have been now been listening to TJN presenting this nonsense and have realised that the data they publish, claiming that it indicates the State of Tax Justice in 2023, is actually 2018 data - when many of the OCED measures that were designed to tackle these abuses had hardly had a chance to have an impact. That makes all my conclusions even more appropriate. The claims made make no sense at all.*