

Press Release

For immediate release. June 22, 2016



Brexit: The Tax Justice Network backs Remain

- Britain likely to become a full blown tax haven in the event of a vote for leave
- The EU provides the best opportunity to prevent a damaging race to the bottom in international tax and regulation of the finance sector

The Tax Justice Network, an independent international network focused on tax and tax havens, and not aligned to any political party, today came out in support of the Remain campaign in the UK referendum on EU membership.

In a statement released today, the Tax Justice Network said:

The European Union counterbalances the overwhelming power of the financial lobby in the UK. Leaving it would render UK policy even more dominated by narrow financial interest groups. The disproportionate size of the sector creates a '[finance curse](#)' rather like the "natural resource curse", and poses big economic and political risks.

Several public statements from leaders of the *Leave* campaign suggest they wish to see the UK pushed further down the road of becoming a low tax, low regulation economy: in other words more of a tax haven. Nothing good will come of that: for Britain, for Europe, or for anywhere else.

Exiting such a major collaborative international framework as the European Union risks pitching the UK into a new and vicious race to the bottom on tax, secrecy, financial regulation and more.

Tax and regulatory 'wars' between countries *always* weaken democracy and economic justice; they shift wealth and power upwards; they increase political and economic inequalities between people, between regions, and between the sexes, and they spark endless tit-for-tat responses and retaliatory defensive measures from others. These processes can be lucrative for hedge funds and accountants, but are hugely damaging for the rest of us.

"Competitive" tax cuts would further erode the tax base and damage public services; and defensive measures implemented by other countries to isolate themselves from the damage caused by tax haven UK, could include restrictions on payments to and from the UK.

International co-operation – an approach that is hard-wired into EU membership – is essential if we are to prevent this damaging dynamic from taking hold.

While the European Union's record on tackling tax havens has not been perfect, and it counts major tax havens like Luxembourg as members, it has made useful strides in tackling secrecy and in sharing information: such as introducing beneficial ownership registers (that have a crucial role to play in preventing the multiple forms of crime and corruption revealed in the Panama Papers) and also curbing some of the worst tax abuses by multinational firms.

Where the UK government has recognised the importance of multilateral progress, for example on the publication of multinationals' country-by-country reporting, is the EU to which it looks for support.

Alone, the UK will be supremely vulnerable to the whims of the world's flighty hot money. Membership of the European Union is currently the most powerful protective mechanism available.

Commenting on the announcement today **Alex Cobham**, Director of Research of the TJN, said:

"Our analysis shows that Brexit would be bad for the UK and its people, and bad too for the global fight for tax justice. First, as every credible evaluation confirms, there would be direct economic damage from a decision to leave.

"But that would just be the start. The UK already suffers a 'finance curse' from its disproportionate financial sector, which exerts unhealthy political influence and needlessly exacerbates inequalities across the country. An isolated post-Brexit UK would be much less able to resist the tax haven race to the bottom - and that would likely unbalance the economy further, making it even more reliant on this highly volatile and footloose sector, driving inequality even higher."

Nicholas Shaxson, Author of *Treasure Islands*, added:

"Brexit would most likely push Britain further down the road of being an offshore tax haven than it already is, and the already dominant offshore lobby would be reinvigorated. In Britain, this would make a few people a lot richer, and a lot of people poorer. In the rest of the world, it would make a lot of people poorer.

Also see our earlier article: [What might Brexit do for tax havens and tax justice?](#)

Contacts

Nicholas Shaxson shaxson@gmail.com, tel. +49 172 772 9806

Alex Cobham alex@taxjustice.net tel. +44 7982 236863

Liz Nelson Liz@taxjustice.net tel. +44 7887 740798

George Turner george@taxjustice.net tel. +44 07540 252 850

Notes:

1. The Tax Justice Network is an independent international network focused on tax justice: the role of tax in society, and the role of tax havens in undermining democracy, boosting inequality and corrupting the global economy. We seek to create understanding and debate, and to promote reform, especially in poorer countries. We are not aligned to any political party.
2. A link to our work on the Finance Curse can be found [here](#). The finance curse exposed the damaging effect that an over dominant finance industry can have on a democracy and economy.