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ANNUAL REPORT 2018



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Contents

Success stories	2
UN recognises the link between tax and gender justice	2
Launch of the 2018 Financial Secrecy Index.....	2
<i>The Spider’s Web</i> documentary viewed over a million times online.....	3
Country pilots launched for illicit financial flow SDG indicators	3
The ABCDEFG of tax justice.....	4
ADMINISTRATIVE INFORMATION	6
DIRECTORS’ REPORT.....	6
Chief executive’s report.....	7
Objectives and activities	10
2018-2021 strategy	11
Main activities in 2018.....	12
Financial secrecy	12
The scale of tax injustice.....	13
Tax justice and human rights.....	15
Race to the bottom.....	16
Media and communications	17
Funding.....	19
Organisational strengthening	20
Systems, processes and policies.....	20
Fundraising.....	21
Diversity, equality and inclusion.....	21
Staffing.....	21
Governance and accountability	22
Statement of directors’ responsibilities.....	25
ANNUAL ACCOUNTS	26
Report of the independent auditors	26
Income statement.....	29
Balance sheet.....	30
Notes to the financial statements	31
Detailed Income and Expenditure Account	36

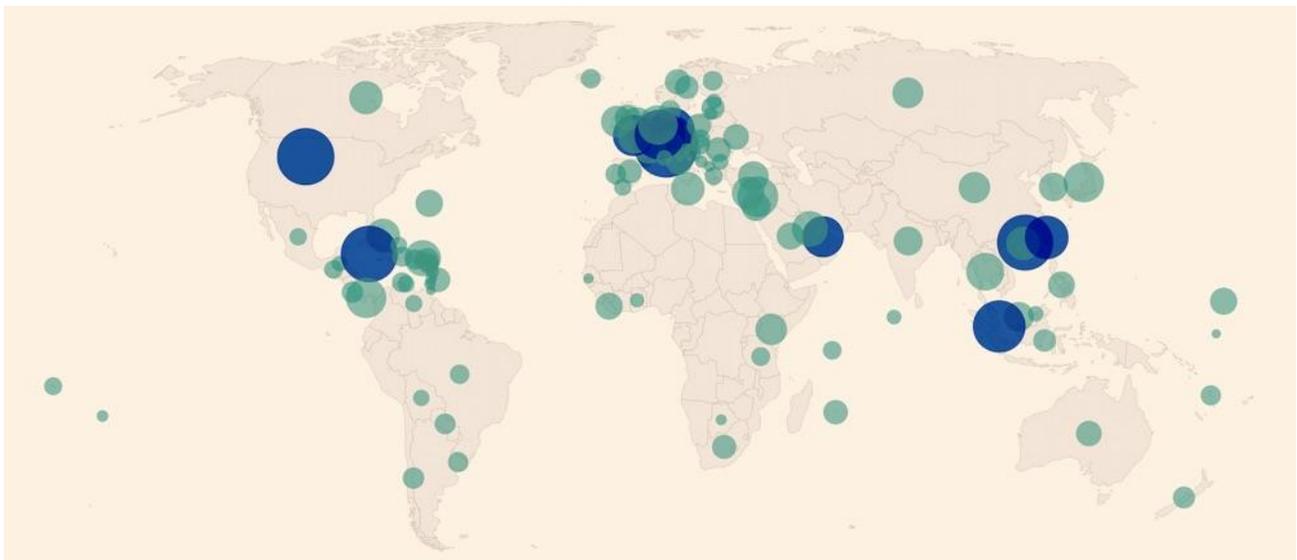
Success stories

UN recognises the link between tax and gender justice

For the first time in the history of the UN Commission on the Status of Women, tax language was included in the Outcome Document (62nd Session). This marked a key moment for the tax and gender justice. Whereas macroeconomic policy, and tax

issues in particular, have been seen as outside the scope of the UN Commission of the Status of Women, the inclusion of this language signals a growing awareness of the larger structural impacts of tax and macroeconomic policy on women and the fight for equality.

Launch of the 2018 Financial Secrecy Index



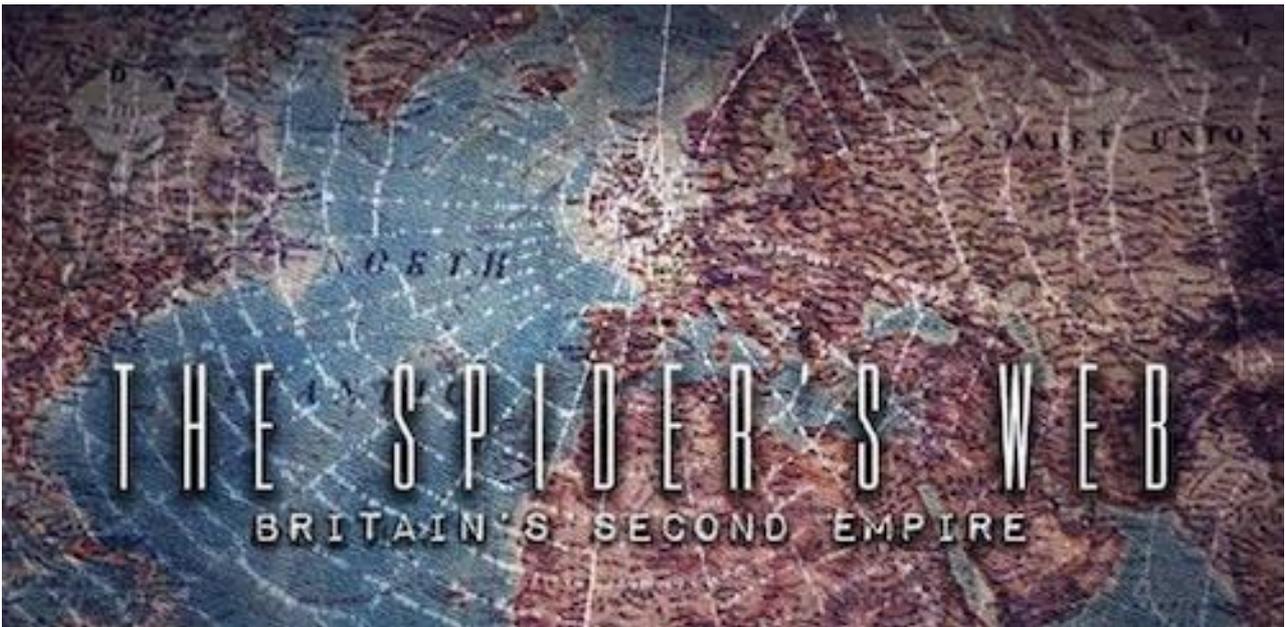
The latest edition of the Financial Secrecy Index was published in January 2018. This was the most comprehensive so far, increasing country coverage from 102 jurisdictions in 2015 to 112. The three worst offenders in descending order were Switzerland, the United States and the Cayman Islands.

We added new indicators to the Index and enhanced existing ones, pushing the envelope on financial transparency forward. This included enhancing the assessment of beneficial ownership registration and regulations (e.g. assessing the thresholds of

legal definitions and availability of information in open data format) and analysing beneficial ownership regulation for freeports and real estate, pioneering these and other themes.

The in-depth analyses and technical policy papers are timely as many countries are moving to establish beneficial ownership registries, supported by international bodies that are beefing up their requirements on beneficial ownership disclosures, including the Extractive Industry Transparency Initiative, the European Union and the Open Government Partnership.

The Spider's Web documentary viewed over a million times online



After the release of Michael Oswald's documentary *The Spider's Web* in November 2017, over thirty screenings and Q&A panels were organised in 2018 with Tax Justice Network support. The screenings were attended by over 2,500 people who had the opportunity to discuss the film with Tax Justice Network Director John Christensen after the screenings. Tax Justice Network arranged for the film to be translated into

French and this version of the film was released in a series of public screenings in west France in late-November.

The Spider's Web was made available to watch for free on YouTube in mid-September 2018. Within a few months it had been viewed well over one million times.

Country pilots launched for illicit financial flow SDG indicators

UNCTAD and the UN Economic Commission for Africa are launching country pilots including our proposed indicators for SDG 16.4, which address the scale of multinational company profit shifting and of undeclared offshore assets. If the indicators are eventually established in the United Nations Sustainable

Development Goals (SDGs), they will deliver jurisdiction-level accountability for both international tax avoidance and tax evasion which are estimated to cost hundreds of billions of dollars in lost revenues globally each year, providing the basis to drive powerful progress over the SDG period to 2030.

The ABCDEFG of tax justice

Following the formal establishment of the Tax Justice Network in 2003, we laid out the core policy platform that we now know as the ABC of tax transparency.

Originally regarded as blindly utopian, it took just ten years to come to form the basis for the global policy agenda – but there is a great deal still to be done, especially to ensure lower-income countries benefit.

A Automatic exchange of tax information, which is critical to overcome the scourge of bank secrecy, and the associated undeclared offshore accounts. By 2018, more than 100 jurisdictions had signed up to automatic exchange under the OECD Common Reporting Standard. This includes all the major financial centres except the USA. But many of those signed up, such as Switzerland, refuse to provide information to many of the lower-income country signatories. And most lower-income countries still remain outside altogether due to spurious requirements for reciprocity.

B Beneficial ownership of companies, trusts and foundations is increasingly made transparent through public registers. Registers such as that for UK companies have proven pivotal in uncovering major corruption, including multiple ‘laundromat’ schemes. But many countries, led by the USA and including many members of the UK’s network of secrecy jurisdictions, have so far refused to meet this emerging international standard.

C Country-by-country reporting by multinational companies is necessary to reveal the misalignment between where their real economic activity takes place, and where profits are declared for tax purposes. The OECD now requires this data to be provided to home country tax authorities, based on an original Tax Justice Network proposal. But most lower-income countries never get access to the data, and as long as it is not fully *public* it will not support accountability for either companies or the jurisdictions that facilitate their profit shifting.

The overall tax justice agenda is broader than these crucial transparency measures. Two key supporting planks of the domestic policy agenda provide the D and E of tax justice:

D Disclosure, including consistent, aggregate performance measures of the tax authority, and a full accounting of tax incentives provided, is necessary to support both government accountability and taxpayer compliance. There has been sporadic progress only in this area, but there is growing interest in tax justice policy proposals.

E Enforcement is also critical, and has been especially vulnerable in a number of high income countries including the USA. ‘Austerity’ has often provided political cover to cut resources of tax authorities and other relevant agencies (and often their independence too), and this remains a key threat to effective and accountable taxation.

The F and G of tax justice address the international rules and their control:

F Formulary apportionment is the basis towards which international tax rules may now finally be changing. With the recognition that the arm's length principle is not fit for purpose, the clear alternative is to assess taxable profit at the level of the multinational, and then to apportion those profits as tax base between countries of operation, according to their share of the multinational's economic activity taking place in each. The OECD is now considering this approach.

G Global governance of tax in the 21st century requires, ultimately, a globally representative forum at the UN to replace the rich country members' club, the OECD. Alongside this, an international convention could ensure that the full benefits of the ABC of tax transparency are delivered to all countries and their peoples. There remains fierce resistance from OECD countries to giving up their current disproportionate power to the UN. A financial transparency convention was, however, raised in UN General Assembly negotiations in 2018 and remains feasible.

ADMINISTRATIVE INFORMATION

Company type	Tax Justice Network Limited is a UK-registered private company limited by guarantee without share capital (a non-profit company)
Company number	05327824
Registered office	38 Stanley Avenue, Chesham, Buckinghamshire, HP5 2JG
Directors	Charles Abugre John Christensen Alex Cobham Cathy Cross Kathleen Lahey Markus Meinzer Krishen Mehta Liz Nelson
Secretary	Glyn Pritchard (to 18 June), Will Snell (from 18 June)
Bankers	Cooperative Bank Plc <i>1 Balloon Street, Manchester M60 4EP</i> Metro Bank <i>One Southampton Row, London WC1B 5HA</i> Triodos Bank <i>Deanery Road, Bristol BS1 5AS</i> Deutsche Bank <i>Biegenstrasse 2, 35037 Marburg, Germany</i>
Auditors	Chapman Robinson and Moore Limited <i>30 Bankside Court, Oxford OX5 1JE</i>
Solicitors	Stone King LLP <i>13 Queen Square, Bath BA1 2HJ</i>

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ending 31 December 2018. Administrative information on this page forms part of this

report. The financial statements comply with current statutory requirements, the memorandum and articles of association and the relevant accounting standards.

Chief executive's report

In 2018, we have built on the foundation of the steps taken in 2017 to provide leadership in high-level policy and advocacy across the tax justice ecosystem, and to strengthen our governance and our capabilities in key areas:

Organisational strengthening

Governance

We completed a review of TJN's governance. Resulting improvements include the introduction of a senior management team, responsible for the day-to-day running of the organisation, and the clarification and codification of the roles and responsibilities (and appointment procedures) of the board, the SMT and the wider membership. We will continue during 2019 to explore further options including additional board members.

Ecosystem

We continued to make progress with cross-ecosystem relationships. Both the Global Alliance for Tax Justice (GATJ) and the Financial Transparency Coalition (FTC, of which our team member Andres Knobel has been the chair) have strengthened their financial positions and their effectiveness in coordinating across the wider movement. We have created the new role within TJN of Network Coordinator to promote more active and conscious collaboration between TJN and regional and national tax justice organisations, in close association with GATJ, and will update and create, as appropriate, Memoranda of Understanding over 2019. At national level, Tax Justice UK has continued to strengthen and grow its profile, and we have supported the establishment of Tax Justice Aotearoa New Zealand. As part of our new

commitment to rotate the TJN annual conference out of Europe every other year, the 2018 conference was held in Lima, Peru in collaboration with FES, Latindadd and the Red de Justicia Fiscal, and was widely seen as an important success, raising the profile of the issues in the region and strengthening intra-regional collaboration and our own linkages.

Strategic planning

The governance reforms and establishment of regular in-person team and board meetings has allowed a greater depth and frequency to our strategic planning. The most obvious fruit of this process in 2018 has been the conscious decision to engage more fully with organised labour. In this we have partnered informally with PSI, and are coordinating efforts with them to raise the level of commitment to tax justice across the range of global unions – including a concerted joint effort now ongoing to generate supportive submissions to the public consultation on the Global Reporting Initiative standard for country by country reporting, on the technical committee of which we also collaborated. We have also been able to look further ahead and agreed initial plans for the 2020 conference to be held in Senegal in partnership with TJN-Africa.

Short-term outcomes

Tax justice is increasingly recognised in UN human rights processes in 2018, including four country reviews of CEDAW (Liechtenstein, Cyprus, New Zealand and the UK). We made submissions to all, and also participated in consultations as expert witness to the UN special rapporteurs on Extreme Poverty (e.g. on the UK review) and the UN Independent Expert on Foreign Debt, for the Development

of Guiding Principles – Human Rights Impact Assessments of Economic Reform Policies (2018).

2018 saw significant progress towards establishing tax justice in UN processes, and continuing to strengthen G77 engagement. Most concretely, TJN proposals for SDG 16.4 indicators (of illicit financial flows - IFFs - related to tax avoidance and tax evasion) were adopted for use in UNCTAD/UNECA country pilots during 2019. We also supported the inclusion of a proposal for a UN convention on financial transparency in the negotiation draft of the UNGA Second Committee resolution on IFFs; but this was eliminated before the final agreement. The idea has gained profile, however, and 2019 may provide further opportunities. The G24 group has approached us to provide technical input as they seek to establish a position on IFFs in 2019.

As detailed below, the 2018 Financial Secrecy Index (FSI) showed a pronounced increase in media reach over previous editions. In policy terms, the FSI is also increasingly referenced by media, independent bodies and policymakers, for example as an alternative or benchmark for tax haven ‘blacklists’ such as that of the EU. Academic use of the index is also growing, including as seen for example the late-2018 award of a major DFID research grant to Sussex University for a project (on which we are partners) to develop and use a historical series of the FSI.

Long-term outcomes

2018 saw the growing crystallisation of an international consensus around the longstanding TJN position that the basis for OECD tax rules, the arm’s length principle, is fatally flawed (and with it the OECD BEPS process of 2013-2015). This has been supported by increasing research in academia

(e.g. various studies by Kim Clausing and by Gabriel Zucman and co-authors) and from international organisations (e.g. the IMF, UNCTAD and OECD all now have estimates of revenue losses from profit shifting under the current rules), allied with the growing influence of TJN and partners including the BEPS Monitoring Group, ICRICT and GATJ. The prominence of US and EU policies that go well beyond arm’s length principle, coupled with the profile that TJN and ICRICT have given to the proposal for formulary apportionment alternative minimum corporate taxes as an immediate option for unilateral progress, along with the international failure to reach agreement on digital taxation, has left the door wide open to new approaches – and an OECD process to this end is now beginning in 2019. We will be working to maximise the extent to which any outcomes support a reduction in the global inequalities in the distribution of taxing rights due to profit misalignment.

Progress has been slower but more concrete in the area of anonymous ownership. The introduction of public beneficial ownership registers in the EU, under the anti-money laundering directives, has continued apace. An important breakthrough was achieved in the UK parliament, where the government accepted an amendment to require public registers for companies in the UK Overseas Territories within a limited period. There continues to be major media coverage of the abuses of anonymous ownership in corruption and tax cases, including in high-profile reporting of issues around the US president, further supporting the norm of transparency – and ultimately increasing the probability of the establishment of public registers as the international standard at the Financial Action Task Force (FATF). A FATF review of the UK provided strong support for the UK’s public register (despite widespread concern about the UK’s verification and enforcement

failures), suggesting growing support at the institutional level.

The global context

The shadow of the US presidency continues to loom large: firstly because of the much more pronounced policy debates over progressive taxation that the 2017 Tax Cuts and Jobs Act has provoked in the US and beyond, and secondly because of the media and political profile now given to issues of financial secrecy and corrupt behaviour, both in business and in politics – again, in the US and beyond. Continuing media coverage of tax, corruption and financial secrecy issues has also continued to support our work.

On the other hand, the determination of the US administration to oppose multilateralism in all its forms has raised a range of issues – most

obviously in the near impossibility of achieving US neutrality (to say nothing of support) for UN policy goals. In addition, the threat of conflict with the US may have reduced the willingness of EU member states to take progressive positions on international tax issues and against profit shifting.

However, we also saw unexpected progress on our advocacy for a UN convention. There is an important opportunity to build on this in 2019.



Alex Cobham
Chief Executive, Tax Justice Network

Objectives and activities

The Tax Justice Network (TJN) is an independent international network. It is dedicated to high-level research, analysis and advocacy in the area of international tax and financial regulation, including the role of tax havens. TJN maps, analyses and explains the harmful impacts of tax evasion, tax avoidance and tax competition; and supports the engagement of citizens, civil society organisations and policymakers with the aim of a more just tax system. We pursue systemic changes that address the international inequality in the distribution of taxing rights between countries; the national inequalities – including gender inequalities – that arise from poor tax policies; and the national and international obstacles to progressive national tax policies and effective financial regulation.

The objectives of Tax Justice Network, as set out in its Memorandum and Articles of Association, are to:

1. eliminate cross-border tax evasion and limit the scope for tax avoidance, so that large corporations and wealthy individuals pay tax in line with their ability to do so;
2. increase citizens' influence in the democratic control of taxation, and restrict the power of capital to dictate tax policy solely in its own interest;
3. restore similar tax treatment of different forms of income, and reverse the shifting of the tax burden onto ordinary citizens;
4. remove the tax and secrecy incentives that encourage the outward flow of investment capital from countries most in need of economic development; and to

5. promote research into and education on the ways in which tax and related regulation and legislation can be used to promote development, encourage citizenship and relieve poverty within the context of local, national and international economies and societies.

TJN aims to achieve its objectives by carrying out detailed research into a topic or idea, bringing together experts and stakeholders in a particular area to facilitate discussions and analysis, producing detailed reports and analysis, and disseminating the products of our work – publicly challenging established positions.

We have a small core of highly motivated staff, surrounded by a range of academics, professionals and other experts in a range of different fields. We draw on our collective expertise to research, design and push original and agenda-setting positions. We are collaborative and collegiate, opening up new spaces for others to enter. We challenge conventional wisdom, we relish lively debate, and our work gets media attention. We take informed but uncompromising positions on current news and issues, based on the evidence.

We develop projects that build new alliances around our focus issues. We support others to adopt new thinking and to take on our shared counter-narrative within their own strategies, freeing us to explore as yet unchallenged issues and orthodoxy. We seek to influence and encourage people by playing the role of think tank, incubator and enabler.

2018-2021 strategy

Between 2018 and 2021, TJN is expanding its work programme and is also building on and strengthening the organisation's systems, processes and procedures.

This strategy period is a critical one for TJN, as we transition in two ways: from the successful tenure of the founding chief executive and into a new phase of significant organisational strengthening; and continuing our development from an outsider, expert network seeking to open doors and put tax justice on the agenda, into a role of intellectual leadership within the growing global tax justice movement and where we have already ensured our issues are near the top of the international policy agenda.

It is little more than three years since we faced a funding crunch that required directors to consider not taking their full salaries. We are resolved never again to risk in this way the future of TJN, or its role at the heart of an important movement challenging global inequalities. Having strengthened substantially since, we aim by the end of 2021 to attain a position that guarantees continuity.

To that end, we seek to align a diverse base of funders providing general support, with a single line of reporting on the calendar year, on the basis of our strategic plan; and to build reserves of up to a year of operating costs. We will also put in place for the first time a layer of support staff which will free up both staff and directors to focus on our mission.

By the end of 2021, we expect to have made demonstrable progress in 'changing the weather' on critical public narratives around tax and tax justice; to have achieved clear successes in the international implementation of the policy platform of the ABC of tax transparency, to the verifiable benefit of lower-income countries in particular and their citizens; and to have contributed to the development both of a fairer international architecture for tax policymaking, and to the next generation of tax justice policies.

Crucial to that mission will be the deepening of our role at the heart of the tax justice movement, and the multiple overlapping networks that it contains; the further development of a powerful communications function; and the creation of a high-level influencing strategy to deliver even greater impact.

2018 and beyond see TJN focus its policy and research expertise on four strategic areas: financial secrecy, the scale of tax injustice, tax justice and human rights, and the race to the bottom. The next section summarises the progress made in progressing these four workstreams in 2018, and our underlying media and communications outreach work.

Our detailed plans and milestones for each workstream, as well as our monitoring, evaluation and learning approach and our plans for institutional strengthening, are set out in our [2018-2021 strategy](#).

Main activities in 2018

Financial secrecy

Financial Secrecy Index 2018

The new Financial Secrecy Index was launched on 30 January 2018. Not only has its country coverage (from 102 jurisdictions up to 112) and its media impact continued to grow, but the FSI 2018 included major improvements in many aspects of the methodology. The FSI 2018 is the most comprehensive edition so far. It analyses more countries and more indicators (including updating old ones and doing assessments for which no external reports were available), engages more analysts and professionals (both inhouse and external), and includes more materials than before:

- More comprehensive: We added new indicators to the Index and enhanced existing ones, pushing the envelope on financial transparency forward. This included enhancing the assessment of beneficial ownership registration and regulations (e.g. assessing the thresholds of legal definitions and availability of information in open data format) and started analysing beneficial ownership regulation for freeports and real estate, pioneering these and other themes. These comparative in depth analyses and follow up technical policy papers are coming in timely as many countries around the globe are moving to establish beneficial ownership registries, supported by international bodies that are beefing up their requirements on beneficial ownership disclosures such as the Extractive Industry Transparency Initiative, the European Union and the Open Government Partnership. Country

coverage increased to 112 (from 102 in 2015).

- More clarity: Producing new materials (interactive maps, infographics and videos) helped clarify FSI concepts (e.g. meaning of FSI ranking) and to understand results (e.g. changes since FSI 2015, ranking by specific indicators, etc.). The transparency of FSI's methodology has been improved by adding e.g. consistent assessment logic and matrix tables for each indicator. This has helped to clarify how each question (e.g. "is there access to banking information?") impacts on the secrecy score of a jurisdiction.

In the first week of the launch, the FSI had 500 media hits and "Tax Justice Network" had 974 hits, both representing an increase of around 25 per cent compared to 2015. This involved a (potential) reach of 405 million people. The FSI was covered in 73 countries, a 30 per cent increase on 2015. In the first four weeks of the launch, the FSI website had about 77k visitors, three times the number of visits compared to the equivalent period in 2015. See our April and July updates.

Bilateral Financial Secrecy Index

Jointly with our co-authors, we presented a novel application based on the FSI at the Tax Justice Network academic conference in Lima. This paper laid the foundation for our more comprehensive illicit financial flows risk measures. The Bilateral Financial Secrecy Index addresses the receiving side of financial secrecy, providing each country with a breakdown of the greatest suppliers of financial secrecy to its jurisdiction. The Index highlighted the poor targeting of the OECD

and EU tax haven blacklists, that latter of which was found to block just 1 per cent of financial secrecy services threatening EU economies. While the EU seems to fall back into old colonial patterns by putting the full weight of its might behind its blacklisting exercise to demand African countries, among others, to participate in the OECD's inclusive framework and the implementation of BEPS minimum standards, even for countries which never had a say in their crafting, the [Bilateral Financial Secrecy Index points to the largest suppliers](#) of financial secrecy to the EU. And while the [OECD bends over backwards](#) in its futile attempt to appear [objective](#) and [fair](#) in their peer review evaluations while preventing the US from being blacklisted for their tax haven strategies, [the Index demonstrates](#) how the USA and the other top contributors to global financial secrecy are apt at delaying or dodging implementation of automatic exchange of tax information agreements. The tool allows the EU and others to draw [concrete policy recommendations](#) for addressing the secrecy risks for illicit financial flows.

Beneficial ownership

Based on the FSI, we published a new [report](#) on global progress regarding beneficial and legal ownership, harvesting the unparalleled depth, detail and source transparency of the

The scale of tax injustice

Research

2018 saw the publication of three co-authored, peer-reviewed journal articles and a technical briefing paper. One article in the [Journal of International Development](#) added new evidence on the scale of tax avoidance by multinationals, and the associated revenue

compiled information and data. This was summarised in a [blog post](#) in June.

Corporate Tax Haven Index

The coming year will see the release of the Tax Justice Network's first Corporate Tax Haven Index (CTHI). It will complement the Financial Secrecy Index, focusing on corporate income tax rules and practices, and likely cover 64 jurisdictions. In this way, we aim to establish an alternative analytical framework and narrative to the work of, and global discourse dominated by, the OECD and EU, which continues to imply that "tax competition" can be a good thing and that OECD's BEPS and transfer pricing guidelines are the only game in town. Once the index has been published, the underlying haven indicators and data can then be plugged into the bilateral IFF risk analyses, to complement the secrecy driven IFF risk analysis with analyses focusing on IFFs driven by corporate tax haven rules. We organised a workshop on our plans for the CTHI, attended by 33 experts from around the world and the Latin American region in particular, in Lima in June. The discussions provided valuable feedback for refining the methodology. The financial secrecy team spent much of the rest of 2018 on data collection, analysis and conceptual development for the CTHI.

losses for individual countries at different per capita income levels. A second, in the leading international business journal, [Journal of World Business](#), provided the first academic evidence of the role of the big four accounting firms in driving 'tax haven' use by their multinational clients. The third journal article was published in UNCTAD's [Transnational](#)

Corporations journal, and chronicles the struggle for corporate transparency in UN and other fora since the 1960s. The briefing paper, published by Real Instituto Elcano in both English and Spanish, laid out the history of the Sustainable Development Goals target to reduce illicit financial flows, as well as surveying the challenges and prospects for meaningful indicators. In addition our open book project, critically evaluating estimates of illicit financial flows, has been published in draft and we have been offered a contract for publication by Oxford University Press.

UN Sustainable Development Goals

After our successful challenge in 2017 to the attempt to exclude multinational companies' tax affairs from the scope of SDG 16.4 on illicit financial flows (IFF), we were delighted to be brought in as specialist advisers to UNCTAD. In 2018, our work was supported by the UN Economic Commission for Africa and our proposals for indicators were confirmed in June to be taken forward in national pilot studies over the next two years, with the potential to be confirmed as official SDG indicators. These proposals would not only ensure accountability around multinational tax avoidance in the 2030 agenda but would also establish the A and the C of Tax Justice Network's ABC as part of the SDG framework. Close relations with various UN agencies are also being established. If the indicators are eventually established in the UN Sustainable Development Goals (SDGs), they will deliver jurisdiction-level accountability for both international tax avoidance and tax evasion which are estimated to cost hundreds of billions of dollars in lost revenues globally each year, providing the basis to drive powerful progress over the SDG period to 2030. We also worked to support progressive positions in the UN General Assembly resolution on IFF and took part in a major UNESCWA conference on IFF, which

contributed to this UN regional body taking new, positive positions within wider UN discussions. Finally, we worked with the Global Alliance for Tax Justice to engage with the Finance for Development Women's Working Group as a way to agree strategic approaches to strengthening women's rights and gender equality through tax justice issues.

International tax rules

The Independent Commission for the Reform of International Corporate Taxation (ICRICT), which we were instrumental in establishing and sit on the steering group of, published a well-received new report highlighting their commitment to unitary tax and arguing for immediate steps. In addition, the International Monetary Fund – arguably, in the absence of an effective UN tax body, the one institution with power to challenge OECD dominance – ran a one-day conference at their spring meetings, dedicated to unitary tax. Later in the year, details were published of a Franco-German agreement on a more ambitious approach to the EU Common Consolidated Corporate Tax Base, which points towards full commitment to enacting this unitary approach, and also addressed key concerns we had raised in our GUE/NGL report in H2 2017.

OECD Base erosion and profit shifting

The process of establishing high-level progress indicators for OECD BEPS (specifically, BEPS 11) appears to have taken a turn for the worse. We were pleased to be invited to collaborate with the BEPS 11 team in late 2017, and they took forward a proposal that we strongly supported to generate aggregate, country-level data for publication. The OECD later announced that it had obtained agreement to collate and publish aggregate data from the country by country reporting of multinational companies to tax authorities.

This will ensure an annual publication, starting late 2019, of data that will not reveal individual company patterns but will show clearly which jurisdictions are benefiting and losing out overall from global profit shifting.

Public country by country reporting

With our support among others, the Global Reporting Initiative has launched a draft standard for fully public country by country reporting. The proposed standard, on which

the public consultation runs until mid-March 2019, is dramatically more rigorous and technically robust than any current standards including that of the OECD. If adopted, it will automatically come into use for thousands of firms around the world and provide the basis for convergence of all other standards over time. We also published a new report on the historical roots of country by country reporting in April, outlining the role of Big 4 accounting firms in blocking more corporate transparency.

Tax justice and human rights

Research

We began work in June on a major research report, making the links between tax justice and human rights and identifying policy and advocacy opportunities. The report will comprise qualitative and quantitative elements and will examine correlations between revenue and specific human rights outcomes. We expect to publish the report in spring 2019. As a companion to the report, a short think piece will be submitted for publication to the United Nations Research Institute for Social Development in February 2019.

Committee on the Elimination of Discrimination against Women

The Committee on the Elimination of Discrimination against Women (CEDAW) is the body of independent experts that monitors implementation of the Convention on the Elimination of All Forms of Discrimination against Women. State parties are committed to submit national reports, at least every four years, on measures they have taken to comply with their treaty obligations. The CEDAW sessions comprise of, first, the preparation of a list of questions on a range of issues that impact on the rights of women to

which the State parties are required to respond. Building on collaboration with CEDAW in 2016/17 on financial secrecy laws in Switzerland and Luxembourg, we continued to support CEDAW's periodic reviews in 2018. We collaborated with Queen's University, Canada in both preparing a range of possible questions that relate to developing progressive taxation policies and creating a framework for financial transparency. Collaborative reports include reports on Luxembourg, Lichtenstein, Cyprus, New Zealand, the UK and North Ireland. These ground-breaking reports contribute to a growing body of evidence illustrating how state parties are falling short in their duty to respect, protect and fulfil women's rights when they do not implement standards which legislate and regulate for progressive taxation and financial transparency.

Tax, gender and human rights

We collaborate with partners at the United Nations Commission on the Status of Women (UNCSW) every year. The 2018 meeting's theme was Challenges and opportunities in achieving gender equality and the empowerment of rural women and girls. For the first time in the history of the UN

Commission on the Status of Women, tax language was included in the Outcome Document (62nd Session). This marked a key moment for the tax and gender justice. Whereas macroeconomic policy, and tax issues in particular, have been seen as outside the scope of the UN Commission of the Status of Women, the inclusion of this language signals a growing awareness of the larger structural impacts of tax and macroeconomic policy on women and the fight for equality (see our [blog post](#)). Meanwhile, the IMF has recently started to explore the relationship between gender equality, women's rights and macroeconomic policy, and we have contributed to these discussions and taken part in strategic planning sessions alongside prominent feminist economists, global networks, anti-poverty campaigners and women's groups (such as the Bretton Woods Project, Action Aid, WomanKind, APMDD, Christian Aid, the Gender and Development Network). As a result of this engagement, we submitted comments to the [Independent Expert on Foreign Debt](#) on the impact of economic reform and austerity policies and their impact on women, as a result of which we were invited to a meeting of experts to advise the Independent Expert on Draft Guiding Principles on Human Rights Impact Assessment of Economic Reform Policies. In February 2018, we participated in the inaugural [Platform for Collaboration on Tax](#), where we presented insights into our work on progressive tax policy for gender equality. This

Race to the bottom

The Spider's Web

After the release of Michael Oswald's documentary [The Spider's Web](#) in November 2017, over thirty screenings and Q&A panels were organised in 2018 with Tax Justice Network support. The screenings were

was a disappointing meeting, as described in our [blog post](#), but we will watch for future developments and assess how we can best contribute.

Network development

We have supported the Global Alliance for Tax Justice's Gender and Tax Working Group following the development of the [Bogota Declaration](#) in 2017, and have played a leading role in developing the working group's terms of reference into a strategy plan for advocacy and activism. Tax Justice Network's annual research conference in Lima (see below) was an excellent opportunity to raise the profile of tax justice, human rights and gender quality. Several panels focused on these themes and we used the opportunity to convene an informal group of researchers and activists to explore ways in which we could exchange relevant information, whether relating to new research, advocacy opportunities, or external developments relating to tax and gender. An initial convening of the Tax and Gender Working Group took place in November 2018, bringing together more than 30 researchers, advocates and activists to create a focused global strategic plan that will help to leverage regional and operational opportunities across the membership of the working group. The meeting was supported by ActionAid, Bretton Woods Project, Christian Aid, GATJ, Network for Social Change and Tax Justice Network.

attended by over 2,500 people who had the opportunity to discuss the film with Tax Justice Network Director John Christensen after the screenings. Tax Justice Network arranged for the film to be translated into French by Michèle Christensen, who also provided the French language voiceover. The

French version of the film was released in a series of public screenings in west France in late November. The Spider's Web was made available to watch for free on YouTube in mid-September 2018. It has since been viewed well over one million times. John Christensen also published a related paper, The British Government's relations with its tax haven dependencies, in January.

The Finance Curse

Nicholas Shaxson's new book, *The Finance Curse: How Global Finance is Making us All Poorer*, was published in October 2018. Building on his earlier book on this subject with John Christensen, published in 2013, Nick has elaborated a deeper journalistic investigation into the origins and development of financialisation and the finance curse, a new economic framework for understanding how a financial centre that has grown above its useful size and role becomes predatory and harmful to the economy that hosts it. The book was launched alongside a Long Read article in the Guardian newspaper and a blog on the popular Open Democracy website.

Media and communications

Tax Justice Network conference

Tax Justice Network's annual research conference, Paradise Lost? (Inequality and Tax Injustice), was held in Lima, Peru in June 2018. The conference brought together a wide variety of speakers from all over the world presenting and discussing papers on a range of issues. As well as receiving positive feedback from participants, the conference provided important opportunities for network-building in the region and for media profile for regional partners. This was the first of a planned rotation of the annual conference out of

Open Democracy will be working with the Tax Justice Network to publish a 24-month blog series on the finance curse edited by Dan Hind. Reviews of Nick's book have been overwhelmingly positive. We were exceptionally pleased when The Finance Curse was selected by the Financial Times' columnist Martin Wolf for inclusion in his list of best economics books for 2018.

Tax incentives

We have been planning to work with the Global Alliance for Tax Justice to document, analyse and critique the use of tax incentives (tax 'breaks' or 'holidays') in a wide range of countries. This work (including a database and accompanying analysis of tax incentives) is now being led by the Financial Transparency Coalition, with whom we work in close partnership (Tax Justice Network is one of 10 NGOs on the coordinating committee, and the current chair of the FTC is Andres Knobel, a Tax Justice Network researcher).

London and to a different region of the world every second year.

Launch of the Financial Secrecy Index

The media response to the FSI launch in January was enormous, and pleasingly global. While the headlines were dominated by the continuing rise of the USA – now up to number two – and the ongoing dominance of Switzerland, major news outlets in a wide range of jurisdictions also ran stories on their own progress (or lack of it).

Website

Due to a tracking issue on Google Analytics, we are missing data for January and February. However, from March to December the website hosted over 231,000 sessions (56 per cent of which viewed our blog), with over 394,000 pageviews. The five most popular blog posts published in 2018 in descending order were on [how the City of London makes the UK poorer \(visualised in an infographic\)](#), [our report revealing that EU tax haven blacklist blocks just 1 per cent of financial secrecy services threatening EU economies](#), [the launch of our Financial Secrecy Index 2018](#) and [the online release of Michael Oswald's critically acclaimed documentary, The Spider's Web, onto YouTube](#).

Media

The Tax Justice Network was covered in 868 global online media articles in 2018 (excluding affiliates). We were also featured in 142 press articles and 141 broadcast pieces from across the world in 2018. While the majority of stories came from the UK and US, our coverage was spread over more than 60 countries.

Social media

Tax Justice Network's twitter followers increased by 14 per cent in 2018, to 24,503 with 3.4 million organic twitter impressions, 33,522 total engagements, which included over 16,000 link clicks. Our Facebook posts

reached over 388,700 users, with over 17,000 engagements and over 7,700 clicks. Our social media posts on Twitter and Facebook had a combined reach of nearly 3,800,000 in 2018. We ran 73 email campaigns in 2018, sending out over 131,000 emails, with over 42,000 unique opens and over 9,800 clicks.

Podcasts

Our English-language podcast (the Taxcast) reaches at least 75,000 radio listeners per month by being broadcast on 15 radio stations in the USA, not counting listeners to an unknown number of radio stations elsewhere, eg in Kenya and Uganda, who broadcast the Taxcast every month. The Taxcast is listened to online, through a variety of podcast platforms, by an average of 3,000 people per month. Our Spanish-language podcast (Justicia ImPositiva) reaches an estimated radio audience of over a million people per month by being broadcast on a network of 85 radios stations across Latin America. Finally, our recently launched Arabic-language podcast (TaxesSimply, or الجباية ببساطة) reaches an estimated radio audience of 150,000 people per month by being broadcast on ExpressFM radio in Tunisia and is gradually building an online audience supported by promotion on social media. We also secured funding this year to launch a Portuguese language podcast in 2019 (and will be launching a French language podcast covering Francophone Africa in early 2019, with existing Norad funding).

Funding

Our funds come from a variety of sources: foundations, research grants, governments, NGOs and individuals. In 2018 our overall income amounted to £1,237,844 (£1,200,019 from grants, £11,875 from other income, £25,950 from donations).

Grants are listed below. Other income mostly comprised speaker and writing fees and included the UK employment allowance.

In 2018 we received 359 online donations from 78 individuals, with a total value of £25,610, as well as £340 in cash donations at film screenings. We are grateful to all of our donors, and in particular to the following individuals, who made generous donations of more than £1,000 in 2018: Benjamin Chemouni, Emma Garnett, Louis Drouneau, Alex Cobham (donated consultancy fee)

Full list of current grants as of 31 December 2018

Note: this list includes grants whose performance period includes some or all of the year 2018. 'Value' refers to the total value of the grant over the entire grant period.

Grant	Funder	Value	Starts	Ends
Core funding	Adessium Foundation	€300,000	07/2017	06/2020
Core funding	Wallace Global Fund	\$40,000	06/2018	05/2019
Combating Fiscal Fraud and Empowering Regulators (COFFERS)	European Commission	€711,678	11/2016	10/2019
European legitimacy in governing through hard times: the role of European networks (ENLIGHTEN)	European Commission	€43,506	04/2015	03/2018
Sustainable Market Actors for Responsible Trade (SMART)	European Commission	€30,000	03/2016	02/2020
Building Institutions and Networks (BUILD)	Ford Foundation	\$2,000,000	01/2018	12/2021
Independent Commission for the Reform of International Corporate Taxation (ICRICT)	Ford Foundation	\$250,000	01/2017	12/2018
Financial Secrecy and Tax Advocacy in Africa (FASTA)	Norad	NOK7.2m	03/2017	03/2020
Financial Secrecy and Tax Advocacy in Latin America (FASTLA)	Norad	NOK7.5m	12/2018	04/2021
Financial Transparency Coalition 2018	FTC	\$78,177	01/2018	12/2018
Individual fundraising consulting support	Joffe Trust	£7,500	11/2018	4/2019
Tax and Gender Working Group support	Network for Social Change	£5,404	10/2018	4/2019

Organisational strengthening

We have spent 2018 building up some of the systems and structures that we need to support the continued growth of the organisation and to maximise both our impact and our efficiency. As a team of almost 20 people spread across the world and working on a range of projects, the number and complexity of issues that need to be resolved is vastly greater than it was in the early years of our existence. A key focus has been on ensuring that the ‘back office’ works as smoothly as possible, helping our researchers and campaigners to do their jobs effectively

while taking care of the underlying support structures.

We have developed new finance systems and policies, built new cloud-based IT systems to support communication, collaboration and compliance, revamped the governance structure, drafted a range of human resources policies and developed a monitoring and evaluation framework. We expect to see continued progress in all of these areas, and more, in 2019.

Systems, processes and policies

We developed and launched a range of new systems, processes and policies in 2018:

- A Monitoring, Evaluation and Learning (MEL) framework (summarised in our 2018-21 strategy), including monitoring criteria and indicators, and plans for an internal process and output evaluation in 2018/19 and an external impact evaluation in 2020
- A range of shared online databases to facilitate data sharing and collaboration, including contact management, MEL, grant management, contract management, people management, budget management and purchase approval, risk management, events management and planning, tracking publications and blogs, sharing decisions made by the board, SMT and members, and a shared calendar of events and milestones (we plan to publish a public version in 2019)
- New internal communications platforms
- All necessary steps to comply with the EU’s data protection regulation (GDPR)

- A comprehensive review of our compensation and benefits policy for staff, with a new pay scale and benefits system to be introduced in 2019
- The first in a series of new and updated organisational policies, on data protection, homeworking, sabbaticals, governance, pay and benefits, and code of conduct, with more to be introduced in 2019
- A new finance system improving our financial recording, management and reporting capabilities
- New systems to improve IT security

With support from the Adessium Foundation, we completed a review of TJN’s governance. The review did not lead to significant changes in our governance structure, but did lead to the creation of a senior management team, which is responsible for the day-to-day running of the organisation, and the clarification and codification of the roles and responsibilities (and appointment procedures) of the board, the SMT and the wider membership.

Fundraising

In addition to building systems for managing fundraising prospects, priorities, opportunities and activities (through the contact management system described above), we have developed a range of fundraising materials, including a [core funding concept note](#) and a short [summary of our impact to date](#), as well as a range of specific concept

notes covering the four workstreams referenced above. We have also begun work on an ambitious document that looks at TJN's impact since it was founded in 2003 from a return-on-investment perspective, which will inform the development of a rigorous external impact evaluation of TJN that we hope to commission in 2020.

Diversity, equality and inclusion

We are continuing to strengthen partnerships across a broad and diverse range of organisations that work on inequalities and rights. In 2018 we supported a key meeting of the Tax and Gender Working Group of the Global Alliance for Tax Justice, as described above. We have also started to provide more opportunities to partners across the world to interact with us in different ways. A key step in 2018 was to run our first annual research conference in the global south, organising a two-day event in Lima, Peru in partnership with Latindadd and the Friedrich Ebert Stiftung, as outlined above. We plan to hold our 2020 conference in Senegal and to focus in particular on Francophone Africa, in partnership with TJN-Africa.

We took steps to increase our internal diversity in 2018. As outlined below, two of the six new staff members hired in 2018 were based in sub-Saharan Africa, and at the end of the year we also recruited an additional four staff, who start work in 2019, who are either located in or have a focus on regions of the global south (three in or on Latin America, and one, producing our new French podcast, based in Cameroon). We also undertook an internal diversity audit, whose results provided positive evidence of the increasing diversity of our staff and board, as well as signposting specific areas for improvement. We produced a draft equality, diversity and inclusion policy that will be finalised and implemented, alongside a suite of other internal policies, in 2019.

Staffing

In 2018 we hired six new members of staff: [Madelyn Brown](#), Finance Manager, [Fariya Mohiuddin](#), Strategic Programmes Researcher, [Mark Bou Mansour](#), Communications Coordinator, [Mustapha Ndajiwo](#), Researcher,

Anglophone Africa, [Lucas Millán](#), Researcher, Financial Secrecy, and [Maimouna Diakit ](#), Researcher, Francophone Africa. George Turner left to set up a new organisation, [Tax Watch UK](#).

Governance and accountability

Funding and financial record keeping

We abide by the UK Fundraising Regulator's Code of Fundraising Practice. We also have policies in place to ensure that funding from individuals cannot influence our positions or policies in any way: for example, we only accept donations on the basis of no conditionality as to use, and we do not accept anonymous donations from organisations or individuals of over £1,000 per year; we publish the names of all donors giving over this amount during the course of the year. We strive wherever possible to only accept donations by credit or debit card, direct debit, bank transfer or cheque, to allow us to keep records of all donors and to enable due diligence checks to be carried out by the relevant financial institutions. In 2018 the only exception to this was a total of £340 received in cash donations at four free screenings of *The Spider's Web* film. We do not accept donations from organisations holding views that are incompatible with our general ethos.

Sustainability

The company aims to minimise waste output and recycle as much waste as possible. Emails are not printed unless there is an absolute requirement for a paper record, and electronic filing records take priority over paper filing. The company operates virtually and across multiple time zones, with no requirement to travel into a physical office. Carbon-neutral forms of travel are encouraged where possible, and car use actively discouraged unless strictly necessary.

Equal opportunities

The company strives to be an equal opportunities employer. A compensation and

benefits review was launched in 2018 to ensure that all staff are treated equally and fairly. We also plan to conduct an equality impact assessment that will look at a range of issues, including our recruitment practices.

Policies

All staff are required to abide by our code of conduct, which includes grievance and disciplinary policies and a whistleblowing policy, as well as our finance and expenses policies. We comply with all relevant pensions and social security requirements in the countries where we employ staff, including pension auto-enrolment for UK staff.

Engagement with stakeholders

The company aims to respond to written enquiries within 24 hours. We give priority to promoting policy alternatives to identified systemic failures. We give high priority to supporting journalists, writers, broadcasters, etc, in their reporting and analysis of tax justice-related issues. We actively support researchers engaging on tax justice-related research.

Decision-making

All decisions are made in line with our [articles of association](#).

Tax Justice Network Limited is accountable to a board of directors appointed by the members of the company. The members of Tax Justice Network Limited are all employees and contractors who have served a minimum of 12 months' paid service.

The directors are responsible for the oversight and governance of TJN, but

executive and management action is delegated to the chief executive.

TJN's articles of association and its agreed organisational strategy and policies form the framework within which the Chief Executive is mandated to manage the organisation's day-to-day operational activities. The Chief Executive is delegated to manage the proper use of the operational, budgetary, property, staffing and other resources of the organisation within this framework.

- The Chief Executive may, for the efficient management and proper operation of TJN, delegate at his or her sole discretion any of the individual responsibilities contained within this scheme of delegation to other employees. This further delegation of responsibilities does not release the Chief Executive from overall responsibility to the Board. It is expected that many of the decisions relating to responsibilities contained here will be jointly made by the members of the senior management team (SMT), and so this scheme of delegation applies in practice to the whole SMT and not just to the Chief Executive.
- The annual budget will be drafted by the Chief Executive and senior management team for submission for board approval at least one month before the start of the new financial year in order to ensure that TJN's objectives and projections remain relevant to current operating conditions.
- The Chief Executive is authorised to commit the organisation to incur expenditure within the approved annual budget plan.
- Staffing changes within the approved budget plan may be made during the year by the Chief Executive.
- Support and development of the Chief Executive will be the responsibility of the Chair. With input from the board, the

appraisal of the Chief Executive will be undertaken by the Chair annually and reported as appropriate to the board.

- Subject to agreed policies and procedures, the Chief Executive will be responsible for the guidance, support and supervision of staff employed or contracted by TJN. Staff remuneration policy will be approved by the board, but its detail and application will be the responsibility of the Chief Executive, except that in the case of the Chief Executive's post the board will determine its implementation.

The following decisions are the sole preserve of the board:

- Approving the board scheme of delegation to the chief executive (and thus to the SMT)
- Approving TJN's annual accounts, report and budget
- Ensuring that adequate financial reporting and recording arrangements are in place
- Hiring, managing and dismissing the chief executive
- Appointing and dismissing the company secretary
- Approving any expenditure above £10,000 per year
- Approving the staff remuneration policy
- Approving any major changes to TJN's legal or management structure
- Approving any new funders or projects that have been flagged by any member as 'high risk'
- Approving any collaboration with political parties (e.g. helping to develop or endorsing their policies)
- Resolving any disputes between SMT members that cannot be resolved through dialogue
- Hearing appeals from staff on decisions made by the SMT that have not been resolved to their satisfaction

The board meets quarterly.

All TJN members vote on the appointment or re-appointment of board members (directors) every year, at the annual general meeting.

TJN's articles of association also provide for up to two directors ('co-opted directors') to be appointed by the other directors, rather than by the members.

Major strategic and tactical decisions relating to TJN's core work are taken jointly by all members, in line with TJN's co-operative

ethos (with equal weight given to all views or votes, regardless of seniority, length of tenure or whether members are also directors). Certain key organisational decisions are reserved for the board, as set out above, and most management decisions are made by the SMT, as also set out above. All members are routinely consulted either by the board or by the SMT on major organisational or management decisions (e.g. new hires or fires) before they are finalised and are informed about day-to-day decisions after they have been made.

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable

steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Statement as to disclosure of information to auditors

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

This report was approved by the Board on 11 June 2019 and signed on its behalf.



John Christensen, Chair

ANNUAL ACCOUNTS

Report of the independent auditors

Opinion

We have audited the financial statements of Tax Justice Network Limited (the 'company') for the year ended 31 December 2018 which comprise the Income Statement, Balance Sheet and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial

statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial

statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its

environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going

concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's [website](#). This description forms part of our Report of the Auditors.

Note:

The maintenance and integrity of the Tax Justice Network Limited website is the

responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alan Sowden (Senior Statutory Auditor)
for and on behalf of Chapman Robison and
Moore Limited
30 Bankside Court
Stationfields
Kidlington
Oxford
OX5 1JE

7 June 2019

Income statement

For the year ended 31 December 2018

	Notes	31/12/2018 £	31/12/2017 £
INCOME		1,237,844	944,020
Direct costs		<u>(339,845)</u>	<u>(258,198)</u>
GROSS SURPLUS		897,999	685,822
Support costs		<u>(747,026)</u>	<u>(541,738)</u>
OPERATING SURPLUS		150,973	144,084
Interest receivable and similar income		<u>2,226</u>	<u>936</u>
SURPLUS BEFORE TAXATION		153,199	145,020
Tax on surplus		<u>-</u>	<u>-</u>
SURPLUS FOR THE FINANCIAL YEAR		<u><u>153,199</u></u>	<u><u>145,020</u></u>

The notes form part of these financial statements

Balance sheet

31 December 2018

		31/12/2018		31/12/2017	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible assets	5		8,772		9,460
CURRENT ASSETS					
Debtors	6	26,884		3,798	
Cash at bank		<u>959,249</u>		<u>931,305</u>	
		986,133		935,103	
CREDITORS					
Amounts falling due within one year	7	<u>(635,480)</u>		<u>(738,337)</u>	
NET CURRENT ASSETS			<u>350,653</u>		<u>196,766</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>359,425</u>		<u>206,226</u>
RESERVES					
Income and expenditure account			<u>359,425</u>		<u>206,226</u>
			<u>359,425</u>		<u>206,226</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 11 June 2019 and were signed on its behalf by:



John Christensen, Chair

The notes form part of these financial statements

Notes to the financial statements

for the Year Ended 31 December 2018

1. STATUTORY INFORMATION

Tax Justice Network Limited is a private company, limited by guarantee, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Income

Income is measured at the fair value of the consideration received or receivable. Income represents the value of work carried out according to the stage of completion of the funding agreement. The stage of completion is measured by comparing the costs incurred for work performed to date to the total estimated costs of the project.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer & office equipment	33% straight line
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Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to surplus or deficit on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 13 (2017 - 12).

4. EXCEPTIONAL ITEMS

The exceptional item in 2017 represents unpaid overseas statutory remittances which were misappropriated by a payroll manager at the payroll bureau used by the organisation for its German payroll function. The misappropriation resulted in a loss of £15,604 being recorded in 2017. Legal action is being taken to recover the amount misappropriated, but due to the uncertainty of the recovery of any amount awarded, the directors have decided not to recognise a debtor in the accounts.

5. TANGIBLE FIXED ASSETS

Computers and Office Equipment etc
£

COST

At 1 January 2018	18,615
Additions	7,161
Disposals	<u>(5,451)</u>
At 31 December 2018	<u>20,325</u>

DEPRECIATION

At 1 January 2018	9,155
Charge for year	7,146
Eliminated on disposal	<u>(4,748)</u>

At 31 December 2018 11,553

NET BOOK VALUE

At 31 December 2018 8,772

At 31 December 2017 9,460

6. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/2018	31/12/2017
	£	£
Trade debtors	12,777	-
Other debtors	<u>14,107</u>	<u>3,798</u>
	<u>26,884</u>	<u>3,798</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31/12/2018	31/12/2017
	£	£
Trade creditors	34,185	-
Taxation and social security	14,159	267
Other creditors	<u>587,136</u>	<u>738,070</u>
	<u>635,480</u>	<u>738,337</u>

8. CONTINGENT LIABILITIES

The company does not have a share capital and is limited by guarantee. In the event of the company being wound up, the maximum amount each member is liable to contribute is £1. There were 17 guarantor members at the balance sheet date.

9. DEFERRED GRANT INCOME

	31/12/2018	31/12/2017
	£	£
Deferred Grant Income as at 1 January 2018	666,720	713,647
Grant Income received during year		
Norad	-	(181)
Financial Transparency Coalition	58,267	56,406
Ford Foundation	376,468	410,402
Adessium	88,186	65,252
ICRICT - Ford Foundation	91,509	100,387
ICRICT - Other	36,147	-
Norad - FASTA Project	145,041	225,634
Norad - FASTLA Project	140,798	-
EU - SMART	-	8,494
EU - COFFERS	62,374	-
EU - ENLIGHTEN	(1,179)	-
Tax Justice Italy	1,327	-
Joffe Charitable Trust	7,500	-
Campaign for Tobacco Free Kids	38,554	-
Wallace Global Fund	30,256	-
Small Grants	5,404	14,971
	<u>1,080,652</u>	<u>881,365</u>
Expenditure during year	1,086,792	799,934
Transferred to reserves	<u>113,227</u>	<u>128,358</u>
Deferred Grant Income as at 31 December 2018	<u>547,353</u>	<u>666,720</u>
Deferred grant income made up as follows:		
Financial Transparency Coalition	3,076	28,304
Oxfam Novib	-	11,371
ICRICT - Ford Foundation	-	20,375
ICRICT - Other	36,147	-

	31/12/2018	31/12/2017
	£	£
RH Southern Trust	40,025	40,025
Adessium	30,508	65,252
Norad - FASTA Project	162,900	214,328
Norad - FASTLA Project	83,514	-
EU - COFFERS	139,147	255,171
Tax Justice Italy	1,327	-
Campaign for Tobacco Free Kids	23,570	9,219
Wallace Global Fund	18,586	-
Open Knowledge	-	7,061
EU - SMART	-4,014	3,105
Small Grants	12,567	12,509
	<u>547,353</u>	<u>666,720</u>

Detailed Income and Expenditure Account

For the year ended 31 December 2018

	31/12/2018		31/12/2017	
	£	£	£	£
Income				
Grants received	1,200,019		928,291	
Other income	11,875		3,000	
Donations	<u>25,950</u>		<u>12,729</u>	
		1,237,844		944,020
Direct costs				
Direct costs		<u>339,845</u>		<u>258,198</u>
GROSS SURPLUS		897,999		685,822
Other income				
Interest income		<u>2,226</u>		<u>936</u>
		900,225		686,758
Expenditure				
Rent	-		1,500	
Insurance	1,847		885	
Light and heat	1,813		597	
Directors' salaries	204,875		194,683	
Wages	334,243		217,129	
Social security	41,791		27,793	
Pensions	46,099		30,718	
Staff welfare and training	295		-	
Telephone	2,337		2,753	
Post and stationery	724		1,283	
Advertising and marketing	5,918		7,663	
Travelling	32,024		14,044	
Consulting	29,023		-	

	31/12/2018		31/12/2017	
	£	£	£	£
Computer and IT costs	10,066		5,447	
Sundry expenses	205		2,179	
Accountancy	12,200		18,867	
Subscriptions	1,173		-	
Legal and professional fees	4,698		4,746	
Auditors' remuneration	4,994		5,808	
Loss/(gain) on foreign exchange	2,635		(17,511)	
Depreciation of tangible fixed assets	7,146		4,758	
(Profit)/loss on disposal of tangible fixed assets	703		-	
Exceptional items	-		15,604	
		<u>744,809</u>		<u>538,946</u>
		155,416		147,812
Finance costs				
Bank charges		<u>2,217</u>		<u>2,792</u>
NET SURPLUS		<u><u>153,199</u></u>		<u><u>145,020</u></u>

This page does not form part of the statutory financial statements