

1.5.2 Overseas Territories and Former Overseas Territories

Due to the Offshore Leaks⁹³, the UK and its overseas and former overseas territories were seen as a major issue in the global tax evasion structure.⁹⁴ The UK has no interest in terminating its tax haven network, which consists of three crown dependency islands, the Isle of Man, Jersey and Guernsey, and 14 overseas territories.⁹⁵ The most successful of these is the British Virgin Islands, where more than one million offshore entities are incorporated.⁹⁶ It is a global centre of the offshore industry with branches, agents and solicitors from UK finance companies. The island is self-governed, but with a British governor under the jurisdiction of the UK.⁹⁷

The financial network of the overseas territories and the UK homeland is seen as a geographic advantage and is important for the City of London, the heart of the British financial industry.⁹⁸ Furthermore, if the islands were not able to generate public revenue, the UK might have to financially assist them.⁹⁹ Despite this, the UK government has recently concluded an agreement with the Isle of Man based on Foreign Account Tax Compliance (FATCA) and explained that further overseas territories will follow.¹⁰⁰

Richard Murphy, director of Tax Research LLP and Tax Gap Limited and senior advisor of the Tax Justice Network, lists 18 starting points to tackle tax haven abuse in UK territories. He recommends, amongst other things, further (multilateral) Tax Information Exchange Agreements (TIEA) with an improved standard and automatic exchange. Furthermore, he supports the abolishment of the UK domicile rule and he is involved in establishing a Register of Trusts in the style of the Register of Companies for all UK territories.¹⁰¹

Because of the pressure on Austria over its banking secrecy, the financial minister, Maria Fekter, has stated that Great Britain is a tax and money laundering paradise and Great Britain would have to abol-

⁹³ International Consortium of Investigative Journalists, 2013.

⁹⁴ Ball, 2013.

⁹⁵ Zeit Online, 2013.

⁹⁶ Leigh, 2013.

⁹⁷ Ball, 2013.

⁹⁸ Zeit Online, 2013.

⁹⁹ Volkery, 2013.

¹⁰⁰ Watt, 2013, p. 15.

¹⁰¹ Murphy, 2011, p. 5 & 6.