

## PRESS RELEASE

### UAE AND MAURITIUS ARE THE MOST CORROSIVE CORPORATE TAX HAVENS AGAINST AFRICAN COUNTRIES

*Study reveals capture of tax rights in low income countries*

**Nairobi May 29, 2019**, The Corporate Tax Haven [Index](#) (CTHI) by Tax Justice Network launched yesterday shows how the United Arab Emirates (UAE) and Mauritius are among the most corrosive corporate tax havens against African countries. Kenya and Mauritius signed a Double Taxation Avoidance Agreement (DTAA) in May 2012 which Tax Justice Network Africa (TJNA) successfully challenged in the Kenyan high court. The CTHI reinforces the importance of the Kenya High Court [ruling](#) that declared the Kenya-Mauritius treaty null and void by demonstrating the dangers of DTAA signed with tax havens such as Mauritius and UAE in facilitating aggressive tax avoidance resulting to significant revenue loss for many African countries.

The study reveals the nature of secretive tax havens behind failure of the global corporate tax system. CTHI identifies a global network of countries whose jurisdictions are most responsible for aggressively undermining the ability of governments across the world to meaningfully tax multinational corporations (MNC). An estimated \$500 billion in corporate tax is dodged each year globally by multinational corporations.

The CTHI shows an aggressive dispossession of low-income countries' tax rights spearheaded by the United Arab Emirates (UAE), the UK and France who take advantage of minimal if not non-existent transparency, systemic loopholes and non-implementation of anti-avoidance mechanisms. Of the 64 countries examined from around the world 9 African countries namely; Botswana, Gambia, Ghana, Kenya, Liberia, Mauritius, Seychelles, South Africa and Tanzania, the CTHI revealed weak tax systems that are constantly exploited resulting to illicit financial flows (IFFs). Specific to Africa, the UAE and Mauritius, are the continent's most aggressive countries in terms of driving down the withholding tax rates of countries' through treaties. Many African countries are increasingly opening themselves to such exploitation. For instance, in April 2019 President Uhuru Kenyatta re-signed a DTAA with Mauritius creating a legal conundrum over the treaty, soon after the court ruling invalidated an earlier agreement following TJNA's petition.

Mr Alvin Mosioma the Executive Director of TJNA said: *"It is unacceptable that the Kenyan government is shifting the burden of taxation to the ordinary citizen, while deliberately opening doors for the wealthy elite and unscrupulous MNCs to evade and avoid taxes through DTAA's with secretive tax*

*havens. As confirmed by the recent IMF study and contrary to popular claims, DTAA's signed by African countries with tax havens do not lead to increased investments''.*

Similar to the High Court ruling, this study underscores the position that DTAA's are often abused and provide loopholes for tax avoidance practices taking away revenues these countries direly need to finance their government programmes.

TJNA affirms its demand that the Government of Kenya and other African Governments should review the old and outdated DTAA's particularly with tax havens including those with UAE, Netherlands, and Mauritius and ensure that those currently under negotiation do not undermine domestic resource mobilisation efforts.

*''Efforts by African countries to address poverty and achieve sustainable development goals will remain a mirage if these countries do not stem illicit financial flows and invest in building equitable tax systems''* said Mr Mosioma.

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