

FOR IMMEDIATE RELEASE
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Dear Sir/Madam,

END THE SECRECY: G20 IN MEXICO MUST ACT AGAINST AN UNJUST GLOBAL TAX SYSTEM

This week, thousands of people in more than 20 countries will demand greater transparency and accountability from their governments and businesses.

The global Week of Action to 'End Tax Haven Secrecy' comes at a time when the lack of financial transparency and the scandal of businesses and individuals hiding their profits in tax havens are firmly in the public eye.

In Africa, corporate tax injustices are common but often not given much attention, leaving states unable collect much needed revenues to provide basic services for suffering citizens. Most developing countries have particularly failed to make tax policies as tools for achieving poverty reduction. The lack of financial transparency and accountability allows some unscrupulous companies to dodge some \$160bn in taxes each year in the developing world – far more than receive in aid (Christian Aid report 2008).

In the global sense, tax injustice is due to capital flight, tax avoidance and evasion, money laundering etc. Other forms of tax injustice come as a result of ill advice by International Finance Institutions (IFIs) for developing countries to lower their taxes on foreign companies. There is therefore a growing tendency to move taxation from corporation to labor, increased indirect taxes such as consumption-base taxes and lower the tax rate to attract more Foreign Direct Investment (FDI).

Usually offshore centres also called "Tax Havens" offer financial secrecy and the window for most multinational corporations to route their investment to developing countries thereby managing their tax bill. This has led to huge revenue losses to developing countries. By conservative estimates, Oxfam estimates that in 2008, illicit financial outflows of taxable potential from developing countries is about \$1.26 trillion or more. Also between 1970 and 2008, illicit financial outflow from Africa alone amounted to US\$854 billion.

Whiles most corporations involved in these activities are from the twenty industrialized countries (G20) worldwide, corruption and money laundering by people in high places in respective countries also contributes significantly to this. The Financial Secrecy Index 2011, by the Tax Justice Network for example, cited Ghana as the third African country offering the most secrecy after Liberia and Mauritius. This is a recipe for hiding ill-acquired wealth, money laundering and corruption in Ghana.

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Ghana is endowed with significant extractive resources like gold, timber and now oil, which accounts for about 90% of Ghana's exports. However, government is not maximizing revenues from this sector in terms of tax mobilization. As a lower middle income country, Ghana must be mobilizing tax revenue in excess of 25% of GDP annually by all standards; however, we barely achieve 20% of GDP.

It is for this reason that the Ghana Tax Justice Coalition in association with the Global End Tax Haven Secrecy (ETHS) campaign is calling on G20 Embassies in Ghana and the Ghana Government to urge the G20 leadership to use the upcoming G20 Summit in Mexico this June to help developing countries alleviate poverty by agreeing to **"END TAX HAVEN SECRECY"**.

The campaign is to urge industrialized countries to tackle this key concern by asking companies to enhance revenue transparency and force them to introduce the exchange of information between countries. The Ghana Government on the other hand must encourage the anti-tax haven campaign and reform the current national tax and financial system by taking appropriate policy action.

We call on our government to face up to this responsibility and support the multilateral and automatic exchange of tax information between tax jurisdictions. An Automatic Tax Information Exchange will require governments to collect from financial institutions data on income, gains, and property paid to non-resident individuals, corporations, and trusts. Mandate that data collected automatically be provided to the governments where the non-resident entity is located.

G20 governments should also commit to new, more transparent accounting standards for multinational companies, requiring them to report the profits they make and the taxes they pay separately for each country in which they operate.

The effort to rid the world from the plight and seek a just and progressive tax system would have to go further during the G20 meeting in Mexico. Only through strong, decisive action can we hope to end tax haven secrecy and the devastating effects it has across the world including Ghana.

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