

Travers attacks claims made by Professor Joseph Stiglitz on Cayman's tax transparency position'

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Anthony Travers OBE, Senior Partner of Travers Thorp Alberga, Chairman of the Cayman Islands Stock Exchange and former Chairman of Cayman Finance, has recently refuted claims made by Professor Joseph Stiglitz, who has been enlisted to help Panama reform its practices in the wake of more than 11 million documents being leaked detailing offshore financial and legal activities.

Mr Travers said, "The Vanity Fair article of Thursday 29 September, 'The Real Scandal Behind the Panama Papers' by Joseph E. Stiglitz applies something less than Nobel Prize winning standards of research and analysis in extrapolating Panama's long history of non-transparency to other offshore financial centers.

In particular, Mr Travers stated that references made to the British Virgin Islands and the Cayman Islands, two British Overseas Territories, in comparison to Panama were unsupported and that an implication was made that the legal positions on tax transparency in the two territories were in some way synonymous with that of Panama.

He went on to say that Panama is widely recognised as having had no effective tax transparency treaties and no systems with respect to the maintenance and beneficial ownership, and so neither tax authorities nor law enforcement may access any information that would reveal the true owners of Panamanian corporate and trust entities.

He further outlined a paradoxical situation which reflected commonalities between Panama and the United States(US). Explaining that the US while insisting that all entities with US financial accounts must make full disclosure of ultimate beneficial ownership to US institutions for the benefit of tax authorities and law enforcement pursuant to FATCA, has determined not to provide reciprocity.

"Furthermore, it had not at the relevant time signed up to the OECD Common Reporting Standard pursuant to which

95 countries globally including the Cayman Islands and the British Virgin Islands will pass automatic financial information on all accounts to the tax authorities in the jurisdictions of tax residence of the ultimate beneficial owners of their companies and trusts," he said.

Mr Travers pointed out the irony of being lectured to by a US Professor on the perils of non-transparency which, based on the current facts he declared is, "not merely hypocritical but nothing short of risible." He purported that the professor in an "unthinking rush" was tarnishing all offshore financial centers, regardless of their standards of transparency, with the, "Panamanian brush".

"If a lack of transparency were in any way the intention behind the Mossack Fonseca Law Firms choice of jurisdiction of incorporation, why were 110,000 companies formed by it on behalf of its clients in the British Virgin Islands which has full tax transparency arrangements with the IRS, HMRC and 33 other jurisdictions and provisions of domestic legislation which require full beneficial ownership records to be maintained and available to foreign law enforcement, when no similar arrangements exist in Panama, "he said.

He further commented on the fact that jurisdictions like the Cayman Islands have had full transparency arrangements with the IRS and the Department of Justice for over a decade and, yet, contrary to the Professor's suggestion, the number of inquiries annually made by either department are statistically insignificant and have resulted in no material convictions for tax evasion or indeed, any other criminal activity.

"If Professor Stiglitz wants to sound compelling on the subject of public registers of beneficial interests, he should think first how this is supposed to function on home turf in conjunction with the Privacy Act 1974 and the Fourth Amendment Rights. When the United States has these issues resolved there may well be a blueprint for broader adoption on an international basis, but not until then," he said.