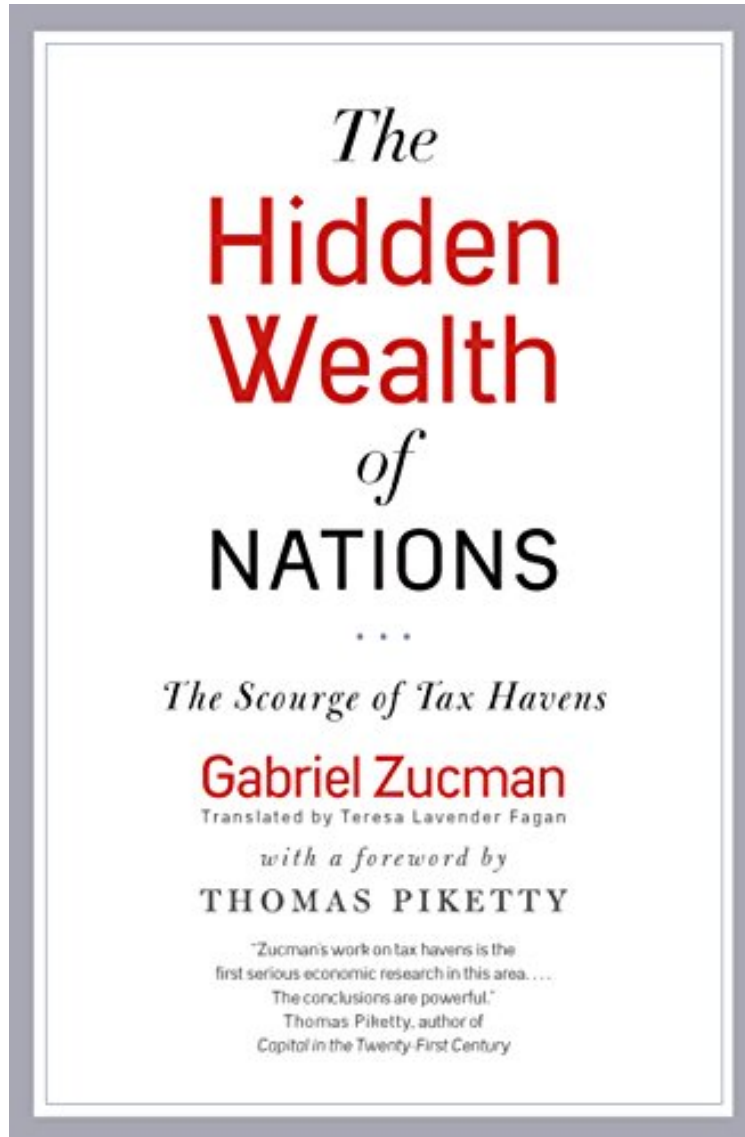


The Hidden Wealth of Nations: The Scourge of Tax Havens

Gabriel Zucman

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Gabriel Zucman : The Hidden Wealth of Nations: The Scourge of Tax Havens before purchasing it in order to gage whether or not it would be worth my time, and all praised The Hidden Wealth of Nations: The Scourge of Tax Havens:

4 of 4 people found the following review helpful. Gimme ShelterBy The Peripatetic ReaderThis short but potent book is virtually the first treatment of the scourge of offshore bank accounts. Zucman's expose maybe read in one or two sittings but contains a wealth of information on an issue discussed but little understood. There is a good reason why his book is so short. There are not a lot of solid information about this area because the subject is, well, hidden.

This is a netherworld of offshore banking, where, in addition to "wealth management," a euphemism Zucman deciphers as "tax evasion," the hallmark of this type of banking is secrecy. The wealthy utilize offshore accounts for the express purpose of squirreling away cash and to avoid paying taxes. To hide these assets even further, Zucman reveals that if not holding the deposits of these super-rich, which include not only individuals but corporations and other business entities, these offshore banks will manage mutual fund accounts for their clients held by other off shore entities. Zucman includes the global multinational corporations as the other main participants of this phenomenon. The multinationals use a different tax dodge, typified in a recent news story concerning Apple. Apple created controversy when it was revealed the corporation paid little corporate tax in the US (!), because its profits had been transferred to Ireland, all apparently legal moves. Zucman classifies this as another example of "hidden wealth." We all pay the price for this skullduggery. The countries that can need the tax revenues the most for infrastructure and domestic purposes are the most prominent victims of these offshore activities. Zucman conservatively estimates that up to one tenth of the world's wealth are held in offshore accounts, while countries such as Russia have to fifty percent of their GDP in offshore account. The most famous of these offshore accounts are in Swiss banks. Other locations exist in Hong Kong, Singapore, Cayman Islands, the Bahamas, and other locales. Zucman debunks several myths concerning Swiss banks. Zucman shines a light on a particularly nefarious business practice. This is required reading. 13 of 14 people found the following review helpful. Somewhere to shelter By Hande Z Tax havens represent one of the ugly by-products of capitalism. They are places where the super-rich (individuals and corporations) keep their money. They are kept in secret accounts so that they cannot be accounted for as part of the taxable income of the individual or corporation. The consequence is that the super-rich pay less taxes than others, and the burden of public expenditure falls on those others. The rich call it tax planning, but Zucman attempts to persuade the reader that keeping money in tax havens is unfair to those who do not have the money to do so. Recently, the International New York Times (23 October 2015) reported that the European Commission ordered Starbucks to pay up 30 million euros in back taxes to the Dutch government. Starbucks had channelled large amounts of profits from payments for its coffee roasting recipes. The payments were not made to Starbucks but to an entity known as Alki LLP, a "mysterious and opaque box" that was not required to file financial statements and which has since shut, but "Alki was folded into a new company, Starbucks EMEA Holdings" which has yet to file any financial statements, according to the INYT. In this book, Zucman shows how tax havens come about, where they are (Virgin Islands, Luxembourg, Switzerland among the main ones), who goes to them, and the inequality between the super-rich and the rest that results from placing money in tax havens. Zucman says that 55% of \$650 billion "foreign profits" of corporations is made in six countries with low or no taxes and where little or no production or sale is done to generate that money in those countries. He named the countries as "Netherlands, Bermuda, Luxembourg, Ireland, Singapore, and Switzerland". He proposes three major actions to rectify this. First, he thinks that there should be an open register of financial wealth of every wealth-owning entity. Secondly, he calls for adequate sanctions against tax havens, and thirdly, he thinks that tax structures should be revamped. For example, not allowing profits to be accounted separately in different countries. Only when the world can see the true global profit and loss accounts of any given company, can the taxation be fair and equitable. A great deal has been packed into this slim 113-page book that is extremely thought provoking. It also calls into debate the age old issue of not penalising entrepreneurs so that their motivation to create greater wealth will be maintained. Is capitalism taking another knock? 0 of 0 people found the following review helpful. A good book to start in the topic of tax havens - Don't expect much depth By Apolo This easy to read, short and concise book takes a simple approach addressing the analysis of tax havens. If you have absolutely no idea of what or how a tax haven works, this book provides a simple yet precise explanation. The author suggests a few methods to measure the hidden wealth and solve the taxing issues, sacrificing depth probably to target at a broader audience, beyond economists and policy-makers. It's a good work to start a discussion on this topics.

We are well aware of the rise of the 1% as the rapid growth of economic inequality has put the majority of the world's wealth in the pockets of fewer and fewer. One much-discussed solution to this imbalance is to significantly increase the rate at which we tax the wealthy. But with an enormous amount of the world's wealth hidden in tax havens—in countries like Switzerland, Luxembourg, and the Cayman Islands—this wealth cannot be fully accounted for and taxed fairly. No one, from economists to bankers to politicians, has been able to quantify exactly how much of the world's assets are currently hidden—until now. Gabriel Zucman is the first economist to offer reliable insight into the actual extent of the world's money held in tax havens. And it's staggering. In *The Hidden Wealth of Nations*, Zucman offers an inventive and sophisticated approach to quantifying how big the problem is, how tax havens work and are organized, and how we can begin to approach a solution. His research reveals that tax havens are a quickly growing danger to the world economy. In the past five years, the amount of wealth in tax havens has increased over 25%—there has never been as much money held offshore as there is today. This hidden wealth accounts for at least \$7.6 trillion, equivalent to 8% of the global financial assets of households. Fighting the notion that any attempts to vanquish tax havens are futile, since some

countries will always offer more advantageous tax rates than others, as well the counter-argument that since the financial crisis tax havens have disappeared, Zucman shows how both sides are actually very wrong. In *The Hidden Wealth of Nations* he offers an ambitious agenda for reform, focused on ways in which countries can change the incentives of tax havens. Only by first understanding the enormity of the secret wealth can we begin to estimate the kind of actions that would force tax havens to give up their practices. Zucman's work has quickly become the gold standard for quantifying the amount of the world's assets held in havens. In this concise book, he lays out in approachable language how the international banking system works and the dangerous extent to which the large-scale evasion of taxes is undermining the global market as a whole. If we are to find a way to solve the problem of increasing inequality, *The Hidden Wealth of Nations* is essential reading.

"Zucman's work on tax havens is the first serious economic research in this area. His evaluation of the share of global household wealth that is located in tax havens has become the standard in the profession. Most importantly, this is the first work offering credible estimates of the kind of economic sanctions that would make tax havens give up the financial opacity that allows them to prosper. The conclusions are powerful."