Delaware classified as opaque jurisdiction

According to financial standards of opacity, Delaware has the dubious honour of being classified amongst the top *least transparent tax havens* as determined by the Tax Justice Network. Tax authorities around the world lose hundreds of billions of Euros each year in tax revenues due by high net worth individuals as well as major corporations who hide their assets in offshore structures. Compounding the problem are the added links to money laundering, the financing of terrorism and global drug trafficking networks.

Misleading stereotypes

In identifying the most prominent providers of international financial confidentiality, the study also reveals that traditional stereotypes of tax havens are often mistaken. The world's most preeminent suppliers of financial secrecy are not quaint tropical islands as is customarily imagined, but rather some of the world's largest and richest countries. Wealthy OECD member states and their satellites are the primary benefactors of or channels for these illicit capital flows.

American double-dealing

The United States and its second smallest state, Delaware, are glaring examples of duplicitous practices. One illustration is the *Delaware LLP* (Limited Liability Partnership). As a fiscally transparent entity, these "offshore companies" pay no US tax in their own right as their non-resident shareholders have no US sourced income. Subsequently, money from around the world can be moved to and from these structures tax-free.

The United States, after instigating dramatic international changes in fiscal transparency with the introduction of "FATCA" (Foreign Account Tax Compliance Act), now refuses to be part of the OECD's Common Reporting Standard, leaving states such as Delaware high in the ranking of *Least Transparent Offshore Jurisdictions*.

This example of "*America First*" dates back to policies of the Obama government. It seems highly unlikely that this "*go-it-alone*" approach on the part of the US will change anytime soon under the current administration.

The implications for global power politics are enormous and help explain why international efforts to crack down on tax havens and financial secrecy have been so ineffective for over the years. In reality, it is the recipients of these "huge" inflows of capital who set the rules of the game.

EU agrees on criteria for Tax Haven Blacklist

Last year, the European Council resolved that it would determine a common EU registry of non-cooperative jurisdictions by the end of 2017. To be considered compliant for tax transparency, a country needs to commit to implementing the Common Reporting Standard (CRS). It must also have arrangements in place for the automatic exchange of tax information with all EU member states as well as achieve an OECD rating of "largely compliant". By the end of the year, this EU-wide classification will replace the country-by-country "black lists" that abound throughout the European Union.

Unless the US makes an unexpected reversal in its current uncooperative policies by the beginning of 2018, Delaware will finally find itself amongst the EU classification of attainted black listed jurisdictions. Portuguese properties held in Delaware companies will face a ±20 fold increase in their normal rates bill plus similar amounts due under the new *"AIMI"* levy. Rather than real estate rates of a few hundred Euros as before, these structures may face annual tax bills of as much as €50,000 per annum or more. Delaware company owners take heed!

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