

Pope condemns tax corruption

Document reports inequality in more than half of transfers

Hattie Williams

THE Vatican, in a new document approved by Pope Francis, has denounced worldwide tax corruption, including the use of offshore havens that, it says, cultivate "dirty money" and economic inequality.

The teaching document, published on Thursday of last week, was produced jointly by the Vatican offices for doctrine and social justice. It had been approved by the Pope in January.

It suggests that more than half the commercial world transfers its profits to offshore tax havens to the detriment of equality.

"It appears clear that all these have removed decisive resources from the actual economy and contributed to the creation of economic systems founded on inequality," the document states.

"Furthermore, it is not possible to ignore the fact that those offshore sites, on more occasions, have be-

come usual places of recycling dirty money, which is the fruit of illicit income (thefts, frauds, corruption, criminal associations, mafia, war booties, etc.)."

Nations that profit from these offshore operations, the document says, are guilty of "hypocrisy" by ignoring these crimes simply because they fall outside their jurisdiction.

"Certainly, the tax system prepared by the various nations does not seem to be always equal," it continues. "Tax avoidance on the part of primary stakeholders, those large financial intermediaries, who move in the market, indicate an unjust removal of resources from the actual economy, and this is damaging for the civil society as a whole."

The establishment of offshore sites had also encouraged an "enormous outflow" of capital from low-income countries, "thus creating numerous political and economic crises" by "aggravating the public debt" in undeveloped economies.

While the document acknowledges that efforts have been made to curb these practices, political powers are too influenced by the "large amount of capital in their possession" to exercise them, it says.

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Vatican call chimes with Fair Tax Fortnight

From the Revd David Haslam
Sir, — The statement by the Vatican on tax corruption is very timely, as the pressure intensifies on big business, wealthy people, and tax havens to rejoin the human family (News, 25 May). The enormous amount of wealth currently hidden with the connivance of the City of London and both UK overseas territories and the Crown dependencies is an affront to a society that still claims some vestigial adherence to Christian principles.

The cross-party amendment to the Anti-Money Laundering Bill, which the Government was finally forced to accept last month, owing to its fragile majority, was a small

step forward. Those territories that house endless private trusts and foundations will have to reveal their ownership, but still not until the end of 2021. This still gives a great deal of time for funds to be reallocated elsewhere.

In the mean time, the first Fair Tax Fortnight is upon us, dating from 9 to 24 June, when companies and investors are being challenged to seek the Fair Tax Mark, and take a more moral and civilised approach to tax. Church investors have been rightly publicly critical of the failure of the fossil-fuel companies to accept international norms on how to combat climate change. It is to be hoped that they will now be as outspoken

about the need for, especially, the banks to be far more rigorous in examining from where money comes and to where it goes.

Church Action for Tax Justice (CAT) was launched in April (News, 20 April), and churches are encouraged during Fair Tax Fortnight, or soon after, to highlight the mission imperative of tax justice in their Sunday services. Worship materials are available from www.catj.org.uk, and there is more on Fair Tax Fortnight from www.fairtaxmark.net.
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