

## Tax Evasion Still Rampant Despite International Crackdown: Study

Despite efforts to crack down on international tax evasion, the practice is still rampant around the world.

Bank accounts in tax havens held \$2.7 trillion last year, roughly the same amount as in 2007, according to a recent analysis of Bank of International Settlements data (h/t *the Guardian*). This is after a slew of international treaties and other aims to prevent the super-rich from stashing their wealth in other countries to avoid paying taxes on it.

The U.S. and other G20 nations signed on to an agreement in November pledging to fight cross-border tax evasion, an effort which supporters said at the time would raise tens of billions of dollars. In addition, the U.S. and five other European nations signed a treaty in February pledging to crack down on global tax evaders.

But according to the recent research, these efforts will likely prove fruitless. Tax evaders "responded moderately to the signature of treaties," according to the study of BIS data by two European economists, Niels Johannesen of the University of Copenhagen and Gabriel Zucman of the Paris School of Economic. After governments signed international treaties, some tax evaders did think they might be more likely to get caught, but most did not, the study found.

And those tax evaders that feared the wrath of government tax men didn't give back the money they gained from avoiding paying taxes in their own countries. Instead, they were more likely to move their money to countries that weren't covered by a tax treaty, the study found.

"Havens that have signed many treaties have lost deposits at the expense of havens that have signed few treaties," the researchers wrote in the study.

The study's findings echo other reports that indicate that the ability of the super-rich to avoid paying taxes by stashing their cash abroad is costing the global economy big time. Tax evasion, which includes but isn't limited to the use of tax havens, costs the world more than \$3 trillion per year -- or about 5 percent of global gross domestic product -- according to a December report for the Center for Tax Justice. The U.S. is the biggest absolute loser from tax evasion, the report found.

That could be one reason why global tax evasion has become a hot topic on the campaign trail. President Obama's campaign for re-election released an ad earlier this month targeting the bank accounts in the Switzerland and the Cayman Islands of his presumed opponent Mitt Romney.