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OFFSHORING TO TAX HEAVENS BEFORE AND IN THE TIME OF CRISIS: ROLE OF ASIAN VS. EUROPEAN AND AMERICAN TAX HEAVENS

Abstract: Tax heavens play significant role in the expansion of transnational corporations (TNCs). Due to foreign direct investments in tax heavens and establishing in them foreign subsidiaries or even parent companies by TNCs, tax heavens have become flourishing offshore financial centres important for the world economy. Establishing related parties in the offshore financial centres brings TNCs handsome benefits such as: reducing tax burdens, enhancing cash flows and relative high efficiency of risk management. Particularly, the role of Asian tax heavens is scrutinized. Hong Kong and Singapore have appeared for many years as TNCs' favourite locations. Current economic crisis has become a challenge also for tax heavens, while offshore financial centres are especially exposed to financial turbulences.

Key words: foreign direct investments (FDI), offshoring, tax heavens, Asian offshore financial centres.

1. From traditional tax heavens to offshore financial centres

Traditionally, tax heaven is a country or territory where certain taxes (especially direct taxes such as: income taxes or inheritance taxes) are levied at a low rate or not at all. Tax heavens allow non-residents to escape higher taxes in their country of residence. Particularly, liberal tax jurisdictions allure to establish foreign affiliates of transnational corporations (TNCs) originating from developed countries, where corporate taxes are much higher. According to the traditional approach, tax heavens can be divided into two groups: no-tax heavens and low-tax heavens.¹ According to the OECD the first group encompasses: Bermuda, British Virgin Islands, Cayman Islands, Montserrat, Nauru, and Turks and Caicos Islands. These tax heavens impose nil taxes generally or impose taxes only on domestic incomes (the rule of no-tax-on-foreign-income). According to the OECD low tax heavens include: Andorra, Anguilla, Antigua and Barbuda, Aruba, Bahamas, Bahrain, Barbados, Belize, Cook

¹ A. Beauchamp, *Die Steuerparadiese der Welt*, Piper Verlag, München 1983, p. 36; T. Lipowski, *Raje podatkowe a unikanie opodatkowania*, C.H. Beck, Warszawa 2004, p. 136; A. Starchild, *Tax Heavens for International Business*, Palgrave MacMillan, London 1994, p. 1.

Islands, Dominica, Gibraltar, Grenada, Guernsey, Hong Kong (SAR of China), Isle of Man, Jersey, Liberia, Liechtenstein, Macau (SAR of China), Maldives, Marshall Islands, Mauritius, Monaco, Netherland Antilles, Niue, Panama, Samoa, Saint Lucia, Saint Kitts and Nevis, Saint Vincent and the Grenadines, Samoa, Seychelles, Tonga, US Virgin Islands, Vanuatu.

However, traditional approach of tax heaven is not enough. Contemporary name of tax heavens is offshore financial centres (OFCs) and mean jurisdictions that make their living mainly by attracting foreign financial capital. They offer foreign business and well-heeled individuals not only low or no taxes, but also: economic and political stability, business-friendly regulation and laws, well-developed sector of services (especially in finance, banking and insurance), lack of constraints in capital flows, and, above all, discretion.² OFCs includes traditional tax heavens but also countries (territorias) such as: Costa Rica, Cyprus, Malta, Dublin (Ireland), Labuan (Malaysia), Lebanon, Luxembourg, Singapore, Switzerland, which has not been perceived as traditional tax heavens. Geographically, OFCs can be divided into three groups: European OFCs, American OFCs and Asian (with Oceania) OFCs (see Figure 1).



Figure 1. Offshore Financial Centres in the world economy according to *The Economist*

Source: A special report on offshore finance, *The Economist* 2007, 24 February – 2 March.

² T. Lipowski, *Raje podatkowe – charakterystyka i sposoby wykorzystania*, ODDK, Gdańsk 2002, p. 15; A special report on offshore finance, *The Economist* 2007, 24 February – 2 March.

2. Benefits from offshoring to tax heavens

Naturally, the most obvious use of OFCs is tax avoidance. Many of the world's richest people and most reputable companies use them legally to minimise their tax liabilities. TNCs, which are aimed at tax avoidance, establish their foreign affiliates in tax heavens, but the role of these affiliates is quite differentiated. First of all, TNCs may establish sale company in tax heavens which buys goods or services from manufacturing plant at low price and then transfer them at higher price to sister division which provides final consumers. Consequently, via transfer prices³ the major share of profit is attributed in tax heavens. Secondly, tax heavens can be a good location for consulting companies which provide specific services at very high prices in order to enhance artificially the costs of sister companies. Thirdly, there is a possibility to establish subsidiary specialising in giving intra-firm loans, also at transfer prices (interest rates). Therefore, TNCs may move a physical business (e.g. manufacturing plant) to tax heavens and then attribute there as much profit as possible. Finally, subsidiary located in tax heavens can become an owner of intangibles (e.g. know-how, logo, brand) and collect money from other affiliates which want to use rights to these intangibles (naturally earnings for intangibles should be enormously high in order to transfer profits to tax heavens).⁴

However tax avoidance via transfer pricing is not the only way to use tax heavens. Due to liberal regulations (also those concerning banking and insurances) non-financial TNCs (of course financial TNCs as well) can establish in tax heavens their own banks or insurance companies. Banks are used in order to govern and finance intra-firm transactions. Insurance companies are set up by TNCs to lower insurance bills by covering predictable risks themselves.⁵

Therefore, offshore financial centres has become attractive location to establish there parent companies. It means that also onshore world takes a hostile view of tax heavens. Especially finance, banking and insurance sectors has been thriving in tax heavens.⁶

³ Transfer prices differ from market prices in that they do not simply constitute a component of commercial transaction, but they are used in order to transfer income within TNCs in order to pay taxes at the lowest possible level or avoid paying them at all.

⁴ P. Folfas, Przenoszenie działalności gospodarczej do rajów podatkowych jako strategia zarządzania finansami korporacji transnarodowych: motywy, formy, korzyści i zagrożenia, *Bank i Kredyt* 2008, Nr 12; P. Folfas, Ceny transferowe w korporacjach transnarodowych: korporacja kontra mechanizm rynkowy, korporacja kontra państwo, [in:] G. Wrzeszcz-Kamińska (ed.), *Zawodność państwa. Zawodność rynku*, Wyższa Szkoła Handlowa, Wrocław 2010.

⁵ P. Folfas, Przenoszenie działalności..., A special report...

⁶ A special report...

3. Foreign direct investments to tax heavens: Asian vs. European and American destination

Offshore financial centres appear to be significant host economies for foreign direct investments (FDI). For the last two decades their FDI inward stock have accounted for about 11-18% of global FDI inward stock (see Table 1). Due to the lack of data for selected OFCs and uncompleted data for other tax heavens (rigid discretion concerning inflows of foreign capital remains their fundamental feature), values of FDI inflows and inward stock are probably underestimated. Even if not, the share of FDI inward stock in all tax heavens in world stock is quite impressive as it is similar to share of inward stock in the US (about 15-20% of world FDI inward stock).

Particularly, the value of FDI inward stock in Hong Kong outstrips the value of stock in countries such as: Spain, Netherlands, Germany and is not very much lower than FDI inward stock in UK or France. Moreover value of inward stock in Singapore exceeds the value of stock in Japan, Australia, Poland or the Czech Republic. These two Asian tax heavens are able to allure more foreign capital than much bigger developed economies.

Additionally Table 1 illustrates that FDI inflows to Asian tax heavens are significantly higher than inflows to European and American tax heavens. The fundamental root of this phenomenon is the presence of Hong Kong – the oldest and most developed OFC. This Asian economic tiger had been alluring significant part of world direct investments even before the dynamic expansion of international capital flows in the 1990s. Recently, the dominance of Asian tax heavens over American and European OFCs has weakened, but still Hong Kong and Singapore remain extremely attractive host economies. Moreover, Asian tax heavens have been playing significant role in alluring foreign direct investments to Asian continent at all. Recently, FDI inward stock in Asian tax heavens have accounted for about a half of total Asian FDI inward stock (see Figure 2).

Therefore, three tax heavens: Hong Kong, Singapore and Bermuda belong to the 30 most favoured locations for foreign affiliates of the top 50 financial TNCs (see Table 2). Again two Asian OFCs are the winners.⁷ However, tax heavens have become also favourable locations for parent companies (also see Table 2), especially from financial, banking or insurance sectors. Currently offshore holdings run even \$5-7 trillion, five times as much as two decades ago, and make up probably 6-8% of worldwide wealth under management. According to Boston Consulting Group, offshore private-banking assets total almost \$6 trillion. Some of this wealth is stashed offshore for safe keeping by the well-to-do from politically turbulent parts of the world. But most of it is there to minimise taxes. OFCs usually do not levy capital-

⁷ *World Investment Report 2007. Transnational Corporations, Extractive Industries and Development*, UNCTAD, New York and Geneva 2007, p. 27.

Table 1. FDI inward stocks in selected offshore financial centres; 1980, 1990, 1995, 2000, 2005

Year	1980		1990		1995		2000		2005	
	Value (USD million)	Share of global FDI inward stock (%)	Value (USD million)	Share of global FDI inward stock (%)	Value (USD million)	Share of global FDI inward stock (%)	Value (USD million)	Share of global FDI inward stock (%)	Value (USD million)	Share of global FDI inward stock (%)
1	2	3	4	5	6	7	8	9	10	11
Anguilla	0	0.0000	11	0.0006	68	0.0023	231	0.0040	549	0.0055
Antigua and Barbuda	23	0.0033	290	0.0149	436	0.0149	619	0.0108	1 379	0.0137
Aruba	n/a	n/a	145	0.0075	249	0.0085	760	0.0132	1 315	0.0131
Bahamas	547	0.0776	586	0.0302	742	0.0255	2 988	0.0519	5 441	0.0541
Bahrain	61	0.0086	552	0.0284	2 403	0.0824	5 906	0.1026	8 276	0.0823
Barbados	104	0.0147	171	0.0088	227	0.0078	308	0.0053	452	0.0045
Belize	12	0.0018	89	0.0046	175	0.0060	301	0.0052	615	0.0061
Bermuda	0	0.0000	0	0.0000	0	0.0000	265	0.0046	1 200	0.0119
British Virgin Islands	1	0.0002	126	0.0065	776	0.0266	32 093	0.5574	50 210	0.4996
Cayman Islands	222	0.0315	1 749	0.0901	2 745	0.0942	25 585	0.4444	46 502	0.4627
China, Hong Kong SAR	177 755	25.2060	201 653	10.3827	227 532	7.8047	455 469	7.9111	523 186	5.2054
China, Macao SAR	2 801	0.3971	2 809	0.1446	2 802	0.0961	2 801	0.0487	5 164	0.0514
Cook Islands	0	0.0000	14	0.0007	14	0.0005	34	0.0006	35	0.0003
Costa Rica	497	0.0705	1 324	0.0682	409	0.0140	2 709	0.0471	5 417	0.0539
Cyprus	n/a	n/a	n/a	n/a	n/a	n/a	2 910	0.0505	8 688	0.0864
Dominica	0	0.0000	66	0.0034	191	0.0066	275	0.0048	409	0.0041
Gibraltar	33	0.0047	263	0.0135	432	0.0148	642	0.0112	1 104	0.0110
Grenada	1	0.0002	70	0.0036	168	0.0058	348	0.0060	703	0.0070
Lebanon	20	0.0028	53	0.0027	138	0.0047	4 988	0.0866	15 158	0.1508
Liberia	868	0.1231	2 732	0.1406	2 698	0.0925	3 247	0.0564	3 788	0.0377

Tabela 1, cont.

1	2	3	4	5	6	7	8	9	10	11
Luxembourg	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	60 250	0.5994
Maldives	5	0.0007	25	0.0013	61	0.0021	118	0.0021	180	0.0018
Malta	156	0.0221	465	0.0240	562	0.0193	2263	0.0393	4 301	0.0428
Marshall Islands	n/a	n/a	0	0.0000	0	0.0000	0	0.0000	0	0.0000
Mauritius	26	0.0036	168	0.0086	253	0.0087	683	0.0119	805	0.0080
Montserrat	n/a	n/a	40	0.0021	68	0.0023	83	0.0014	89	0.0009
Nauru	0	0.0000	0	0.0000	0	0.0000	0	0.0000	0	0.0000
Netherlands Antilles	770	0.1092	408	0.0210	364	0.0125	277	0.0048	489	0.0049
Niue	0	0.0000	0	0.0000	0	0.0000	0	0.0000	7	0.0001
Panama	n/a	n/a	2 275	0.1171	3 322	0.1140	6744	0.1171	10 167	0.1012
Saint Kitts and Nevis	1	0.0001	160	0.0082	244	0.0084	487	0.0085	905	0.0090
Saint Lucia	94	0.0133	316	0.0163	515	0.0177	807	0.0140	1 263	0.0126
St. Vincent and the Grenadines	1	0.0002	48	0.0025	180	0.0062	499	0.0087	715	0.0071
Samoa	1	0.0002	9	0.0005	29	0.0010	53	0.0009	54	0.0005
Seychelles	83	0.0117	213	0.0110	346	0.0119	448	0.0078	809	0.0080
Switzerland	0	0.0000	34 245	1.7632	57 063	1.9574	86804	1.5077	170 156	1.6929
Singapore	5 351	0.7587	30 468	1.5687	65 644	2.2517	110570	1.9205	194 581	1.9360
Tonga	0	0.0000	1	0.0000	8	0.0003	15	0.0003	40	0.0004
Turks and Caicos Islands	0	0.0000	2	0.0001	5	0.0002	4	0.0001	111	0.0011
Vanuatu	125	0.0177	201	0.0104	340	0.0117	457	0.0079	578	0.0057
Asian OFC	186 226	26.4072	236 166	12.1596	299 572	10.2758	581544	10.1009	748 872	7.4508
European OFC	190	0.0269	35 013	4.9649	58 124	1.9938	92703	1.6102	244 588	2.4335
American OFC	2 274	0.3225	7 835	1.1111	10 818	0.3711	75300	1.3079	126 527	1.2589
Total OFC	189 559	26.8797	281 745	18.3762	371 211	12.7332	752794	13.0753	1 123 775	11.1809

Asian OFC are marked with bold.

Source: own study based on UNCTAD FDI database, <http://stats.unctad.org/fdi/>.

-gains or inheritance taxes, nor taxes on passive income such interest. Also electronic banking in tax heavens is flourishing.⁸

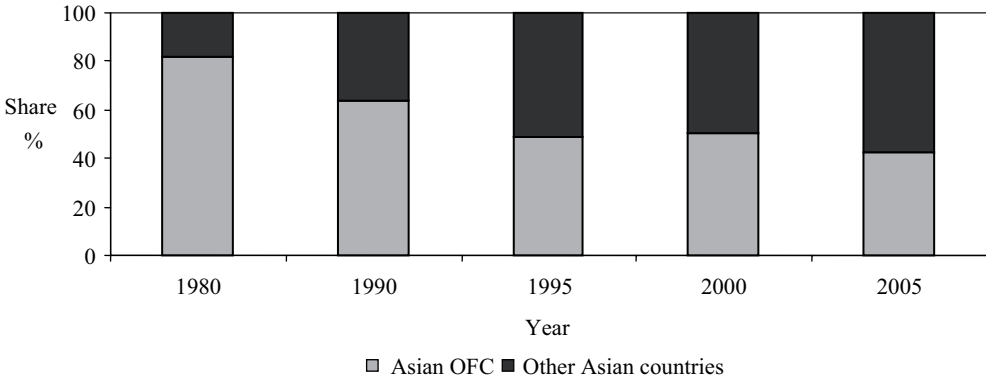


Figure 2. The importance of offshore financial centres in Asian FDI inward stocks; 1980, 1990, 1995, 2000, 2005

Source: own study based on UNCTAD FDI database, <http://stats.unctad.org/fdi/>.

Table 2. Number of foreign affiliates and parent companies in selected offshore financial centres, latest available year

Offshore financial centre	Number of foreign affiliates	Number of parent companies
1	2	3
Antigua and Barbuda	14 (2008)	3 (2008)
Aruba	36 (2008)	8 (2008)
Bahamas	205 (2008)	184 (2008)
Bahrain	64 (2008)	26 (2008)
Barbados	198 (2008)	33 (2008)
Belize	21 (2008)	21 (2008)
Bermuda	698 (2008)	604 (2008)
British Virgin Islands	1 169 (2008)	1754 (2008)
Cayman Islands	778 (2008)	442 (2008)
China, Hong Kong SAR	9 712 (2007)	1167 (2007)
China, Macao SAR	1 024 (2004)	46 (2004)
Costa Rica	266 (2008)	32 (2008)
Cyprus	4 800 (2005)	1650 (2005)
Dominica	14 (2008)	3 (2008)
Gibraltar	182 (2008)	293 (2008)

⁸ A special report...

1	2	3
Grenada	17 (2008)	2 (2008)
Lebanon	58 (2008)	26 (2008)
Liberia	10 (2008)	1 (2008)
Luxembourg	717 (2005)	38 (2005)
Maldives	11 (2008)	3 (2008)
Malta	291 (2008)	95 (2008)
Mauritius	62 (2008)	30 (2008)
Netherlands Antilles	220 (2008)	212 (2008)
Panama	517 (2008)	221 (2008)
Saint Kitts and Nevis	13 (2008)	14 (2008)
Saint Lucia	29 (2008)	1 (2008)
St. Vincent and the Grenadines	10 (2008)	5 (2008)
Samoa	12 (2008)	3 (2008)
Seychelles	5 (2008)	4 (2008)
Switzerland	6 852 (2008)	2616 (2008)
Singapore	14 052 (2002)	n/a
Tonga	5 (2006)	n/a
Vanuatu	19 (2008)	6 (2008)

Asian OFC are marked with bold.

Source: own study based on *World Investment Report 2009. Transnational Corporations, Agricultural Production and Development*, UNCTAD, New York and Geneva 2009, pp. 222–223.

Traditionally, Luxembourg (more than 200 offshore banks) and Switzerland have appeared as offshore banking centres for Europe. Cayman Islands has started to play similar role for Americas (about 600 offshore banks). In Asia, traditionally Hong Kong and Singapore are perceived as bank centres (about 500 and more than 200 offshore banks, respectively). However, also Bahrain has become offshore banking centre (especially for Arabian countries; more than 100 offshore banks) and Vanuatu in Oceania, where the number of offshore banks plummeted from several to almost 50.⁹

4. FDI inflows into tax heavens in the time of crisis

Data for 2005-2008 reveal the difference in FDI inflows to tax heavens before and at the beginning of the current economic crisis. OFCs reported falls in FDI inflows

⁹ *Offshore Financial Centres*, Monetary and Exchange Affairs Department, Washington 2000; A special report...

Table 3. FDI inflows to offshore financial centres, 2005-2008

	FDI value in USD million							FDI change in %		
	2005	2006	2007	2008	2006/2005	2007/2006	2008/2007	2006/2005	2007/2006	2008/2007
	1	2	3	4	5	6	7			
Anguilla	118.5841333	143.183	120.132	90.40196	20.7438	-16.0990	-24.7478			
Antigua and Barbuda	237.5109519	361.041	357.5644	254.7271	52.0102	-0.9629	-28.7605			
Aruba	114.8	572.1	-90.9	187	398.3449	n/a	n/a			
Bahamas	562.8	706.4	746.2	699.5	25.5153	5.6342	-6.2584			
Bahrain	1048.670213	2914.894	1756.117	1793.883	177.9609	-39.7536	2.1505			
Barbados	62	104.8	233.2	133.3333	69.0323	122.5191	-42.8245			
Belize	126.9084659	108.8285	140.3737	178.7624	-14.2464	28.9861	27.3475			
Bermuda	43.7	261	1016	278	497.2540	289.2720	-72.6378			
British Virgin Islands	-7554.087172	6759.002	4608.937	3000	n/a	-31.8104	-34.9091			
Cayman Islands	10209.60003	11539.04	11012.23	10920.29	13.0214	-4.5655	-0.8349			
China, Hong Kong SAR	33618	45054.3	54365.2	63003	34.0184	20.6660	15.8885			
China, Macao SAR	1240.035651	1608.213	1642.39	1905.2	29.6908	2.1252	16.0017			
Cook Islands	0.5	3.41	-0.42	1.163333	582.0000	n/a	n/a			
Costa Rica	861.042026	1469.089	1896.1	2021.003	70.6176	29.0664	6.5874			
Cyprus	1186.076706	1864.398	2181.031	2167.045	57.1903	16.9831	-0.6413			
Dominica	32.21055926	28.90604	60.66766	59.88988	-10.2591	109.8788	-1.2820			
Gibraltar	122.3084275	137.1876	165.2493	158.7566	12.1653	20.4550	-3.9290			
Grenada	73.28416667	95.6289	190.157	167.7943	30.4905	98.8489	-11.7601			
Lebanon	2623.5	2674.5	2731	3606.4	1.9440	2.1125	32.0542			
Liberia	82.8082	107.851	131.778	143.824	30.2419	22.1852	9.1411			
Luxembourg	5979.576145	28482.03	-31691.8	3011.668	376.3219	n/a	n/a			
Maldives	9.492278466	13.86822	15	15.4	46.1000	8.1610	2.6667			

	1	2	3	4	5	6	7
Malta	675.8870567	1871.712	951.5923	879.2806	176.9268	-49.1593	-7.5990
Marshall Islands	6.5	6.2	12.2	5.5	-4.6154	96.7742	-54.9180
Mauritius	41.56467613	105.3043	338.9078	382.7736	153.3505	221.8366	12.9433
Montserrat	0.808031111	2.191108	5.922222	1.907407	171.1663	170.2843	-67.7924
Nauru	1.07	-0.26	0.634423	0.496896	n/a	n/a	-21.6775
Netherlands Antilles	41.8603352	-21.9553	234.2737	265.9553	n/a	n/a	13.5233
Niue	-1.24	0	0	0	n/a	n/a	n/a
Panama	962.1	2497.9	1907.2	2401.7	159.6300	-23.6479	25.9281
Saint Kitts and Nevis	104.2737259	114.5549	163.8107	93.95681	9.8598	42.9976	-42.6431
Saint Lucia	81.98204444	237.6544	258.9812	110.4142	189.8860	8.9739	-57.3660
St Vincent and Grenadines	40.08731481	109.1123	117.2333	95.70741	172.1867	7.4428	-18.3616
Samoa	-3.64160954	11.98867	2.617549	5.556858	n/a	-78.1665	112.2924
Seychelles	85.87960273	145.6032	237.8618	364.4899	69.5434	63.3631	53.2360
Singapore	14374.1889	27680.33	31550.46	22724.51	92.5697	13.9815	-27.9741
Tonga	16.84576746	10.07908	28.10995	5.716815	-40.1685	178.8941	-79.6627
Turks and Caicos Islands	108.24	58.09	96.67	92.18413	-46.3322	66.4142	-4.6404
Vanuatu	13.31856544	43.57336	34.03034	33.52281	227.1626	-21.9010	-1.4914
Asian OFC	53074.68404	77211.5	90720.13	91689.24	45.4771	17.4956	1.0682
European OFC	7964.656367	32357.52	-28388	6218.658	306.2638	n/a	n/a
American OFC	6226.896579	25144.37	23068.83	21050.62	303.8026	-8.2545	-8.7486
Total OFC	67266.23699	134713.4	85400.97	118958.5	100.2690	-36.6054	39.2941
World	973329.0717	1461074	1978838	1697353	50.1110	35.4372	-14.2247
Developing economies	329291.5021	433763.7	529344.2	620733.3	31.7263	22.0352	17.2646
Transition economies	30948.23206	54548.22	90866.09	114361.2	76.2563	66.5794	25.8568
Developed economies	613089.3375	972762.3	1358628	962258.7	58.6657	39.6670	-29.1742
Developing economies: Asia	213751.1108	282127.4	331424.8	387827.6	31.9887	17.4735	17.0183
Developed economies: Asia	7047.680735	8257.234	31568.99	34064.35	17.1624	282.3191	7.9045

Asian OFC are marked with bold.

Source: own study based on UNCTAD FDI database, <http://stats.unctad.org/fdi/>.

even in 2007, just after financial crisis in the US. While events in 2007 had a limited impact on FDI flows into other countries, tax heavens revealed their high vulnerability to financial turbulences. In 2008 majority of OFCs reported sharp declines in FDI inflows. Those which did not report falls, reported much lower increases.

Changes in FDI inflows during current economic crisis are not uniform across tax heavens. It is worth to notice that FDI inflows into Hong Kong, probably thanks to the close links with growing Chinese economy, resisted the global crisis in its first phase. Relations with emerging Asian economies such as China and India are invaluable advantage during global crisis. Therefore, Asian tax heavens has also been reaping benefits from increasing number of millionaires in India and China who can accelerate demand for offshore private banking and other services.

5. Selected Asian tax heavens: glimpse of economic performance

Hong Kong has a free market economy highly dependent on international trade and finance – the value of goods and services trade, including the sizeable share of re-exports, is more than four times GDP. The economy is based on services (the bulk in financial, banking and insurance sectors) – they account for 93.2% of GDP. On the one hand, Hong Kong's open economy has left it exposed to the global economic slowdown. GDP and also unfortunately FDI inflows fell in 2008 and 2009 (rate of real GDP change stands at 2.4% in 2008 and at –3.1% in 2009). Before the crisis GDP growth averaged a strong 5% from 1989 to 2007. On the other hand, increasing integration with China has helped it recover from the downturn more quickly than expected. Consequently, in the third quarter of 2009 real GDP grew over the second quarter, indicating that its economic recovery is under way. Hong Kong as OFC appeared to be vulnerable to global financial crisis, however, it can reap fruits from good neighbourhood of flourishing Chinese economy [*CIA World Factbook* 2010].¹⁰

The economy of **Macau**, the second SAR of China, is also based on services (97.1% of GDP in 2007). Macau's economy enjoyed strong growth, largely on the back of its expanding tourism and gaming sectors, prior to a recent slowdown during the global economic crisis. After opening up its locally-controlled casino industry to foreign competition in 2001, the territory attracted tens of billions of dollars in foreign investment, transforming Macau into the world's largest gaming centre. By 2006, Macau's gaming revenue surpassed that of the Las Vegas strip, and gaming-related taxes accounted for 75% of total government revenue.¹¹ Development of gambling business is also an important feature of tax heavens, as casinos can be used in processes of money laundering.¹²

¹⁰ *CIA World Factbook*, www.theodora.com/wfb/abc_world_fact_book.html.

¹¹ *Ibidem*.

¹² A. Stańczak, *Pranie pieniędzy w oazach podatkowych*, [in:] J. Grzywacz (ed.), *Pranie brudnych pieniędzy*, Szkoła Główna Handlowa, Warszawa 2005.

Singapore appears to be a Southeast Asia's financial and high-tech hub. It enjoys a remarkably open and corruption-free environment, stable prices, and a GDP *per capita* higher than that of most developed countries. The economy depends heavily on exports, particularly in consumer electronics, information technology products, pharmaceuticals, and on a growing financial services sector. Real GDP growth averaged 7% between 2004 and 2007, but dropped to 1.1% in 2008 as a result of the global financial crisis. The economy contracted in the last three quarters of 2008, and GDP fell 2.6% for 2009. The development of Singapore is based on two paths: technological (linked with high-tech industries which accounts for about 27% of GDP) and financial (linked with being OFC; services (the bulk in financial, banking and insurance sectors) accounts for about 73% of GDP). Thanks to these two paths, economic rebound can be quicker and sharper.¹³

Seychelles and **Mauritius** (two tax heavens located on Indian Ocean) have quite strong economic links with India. In consequence, they can be treated also as Asian tax heavens despite their geographic locations. Vast majority of foreign direct investment in India over past decade has been channelled through Mauritius and Seychelles because of their liberal tax system and tax treaty with India.¹⁴ Additionally, Mauritius has attracted more than 32,000 offshore entities, many aimed at commerce in India, South Africa, and China. These two economies are based on tourism, textile industry, but also on agricultural sector. Consequently, the share of services in composition of GDP is lower than in Hong Kong, Macau or Singapore (financial centres with long history). Therefore, these two countries have suffered for global crisis (change of real GDP in Mauritius stands at -4% in 2009 and in Seychelles at -9%), namely due to tourism declining and global drop for their exports.¹⁵

Bahrain is one of the most diversified economies in the Arabian Gulf, with its highly developed communication and transport facilities making Bahrain home to numerous multinational firms with business in the Gulf. Bahrain and the U.S. in August 2006 implemented a Free Trade Agreement (FTA), the first FTA between the U.S. and a Gulf state. Bahrain is focused on Islamic banking and is competing on an international scale with Malaysia as a worldwide banking centre. Bahrain, however, continues to depend on oil with petroleum production and refining accounting for over 60% of Bahrain's export receipts, over 70% of government revenues, and 11% of GDP. The global financial crisis resulted in slower economic growth for Bahrain during 2009 as tight international credit and a slowing global economy caused funding for many non-oil projects to dry up.¹⁶

¹³ *CIA World Factbook*.

¹⁴ A special report...

¹⁵ *CIA World Factbook*.

¹⁶ *Ibidem*.

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PRZENOSZENIE DZIAŁALNOŚCI KORPORACJI TRANSNARODOWYCH DO RAJÓW PODATKOWYCH: PORÓWNANIE ROLI AZJATYCKICH RAJÓW PODATKOWYCH Z EUROPEJSKIMI I AMERYKAŃSKIMI PRZED OBECNYM KRYZYSEM I W CZASIE JEGO TRWANIA

Streszczenie: Celem opracowania jest przedstawienie roli rajów podatkowych w działalności korporacji transnarodowych (KTN), ze szczególnym uwzględnieniem znaczenia azjatyckich rajów podatkowych (m.in. Hongkongu oraz Singapuru, które od dawne należą do grona najbardziej preferowanych lokalizacji przez KTN). Zagraniczne inwestycje bezpośrednie w rajach podatkowych są niewątpliwie źródłami sukcesu gospodarczego tych obszarów, które stały się dynamicznie rozwijającymi się zamorskimi centrami finansowymi. Obecny kryzys gospodarczy stanowi wyzwanie dla rajów podatkowych, zwłaszcza że te małe gospodarki, uzależnione od międzynarodowych przepływów, są szczególnie podatne na wszelkie perturbacje w gospodarce światowej. Jednakże azjatyckie raje podatkowe dzięki powiązaniom gospodarczym z dynamicznie rozwijającymi się (nawet w czasie kryzysu) gospodarkami Chin i Indii mogą się okazać zwycięzcami kryzysu w porównaniu do amerykańskich i europejskich rajów podatkowych, ściśle powiązanych z państwami ogarniętymi recesją.