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Regulatory dialogue between states with widely diverging tax systems has emerged as a key feature of OECD, IMF and EU initiatives on Offshore Finance Centres or Tax Havens. This has brought together states of differing dimensions in size, population, economy and power. Where there is such a discrepancy in power between states there is often a temptation to assert a command and control regulatory approach. This was the initial reading of the OECD’s Harmful Tax Practices Project that identified 35 tax havens - small states in Europe, the Pacific, Indian Ocean and the Caribbean - and demanded that they repeal financial secrecy legislation and commit to exchange of information agreements. As these initiatives have unfolded there has been a transition away from regulation by command and control towards responsive regulatory dialogue in which tax havens have been encouraged to cooperate through engagement and active participation. Based on qualitative research with key stakeholders in OFC jurisdictions and multilateral organisations, this paper explores this transition. It argues that the preservation of tax bilateralism has limited the capacity of multilateral organisations to deploy the full range of regulatory techniques, particularly those involving penalty and coercion. Instead all parties, tax haven states and multilateral institutions, have been confined to the broadest base of the regulatory pyramid. It suggests that while responsive regulation and meta regulatory principles may not provide ‘quick-fix’ solutions to international tax avoidance, they may offer more enduring policies to manage the sovereign states that seek to legislate for offshore ‘loopholes’.