

Britain, in partnership with Her Majesty's overseas territories and crown dependencies, remains "by far the most important part of the global offshore system of tax havens and secrecy jurisdictions", the Queen will be told tomorrow in a letter from tax experts and campaigners.

The monarch, who acts as head of state for UK-linked jurisdictions as far away as the Cayman Islands, the British Virgin Islands, Jersey and the Isle of Man, will receive a copy of the Tax Justice Network's (TJN) two-yearly index of financial secrecy, which paints an unflattering picture of Britain and its close ties to many leading tax havens.

The index is the most comprehensive attempt to rank the world's secrecy jurisdictions. Past editions have been adopted as an analytical tool by offshore asset tracing specialists. They have been referred to in parliamentary reports in Paris and Brussels and published in academic journals after peer review.

Other studies have estimated that up to \$32tr has gravitated in secrecy into offshore jurisdictions, much of it linked to tax evasion and avoidance activities.

In a letter to the Queen John Christensen, director of TJN, calls on her to "exert all possible influence" to tackle "harmful faultlines in the global economy" created by UK-linked tax havens and secrecy jurisdictions.

The TJN secrecy index makes for disappointing reading for David Cameron, who has sought to portray himself as being at the vanguard of international efforts to tackle tax-haven abuses, using Britain's presidency of the G8 to "rewrite the rules on tax and transparency for the benefit of countries right across the world".

The prime minister won praise last week after announcing at the Open Government Partnership summit in London that the UK intended to require companies registered here to reveal the identity of their real owners in public filings at Companies House.

Transparency campaigners point out that such an initiative from the UK becomes little more than a token gesture if it fails to extend to vehicles such as trusts and foundations as well as to well-known secrecy jurisdictions within the UK's orbit.

"None of the overseas territories or crown dependencies operate a properly transparent public register of offshore companies, trusts and foundations," writes Christensen, who in his early career worked in the trust industry on Jersey, later being appointed economic adviser to the island's government before quitting to become a tax and transparency campaigner.

"None obtain information on beneficial ownership and make this publicly available. Not one requires that all company financial accounts are made publicly available."

TJN's appeal to the Queen seeks to draw a link between the contrasting prospects of those Commonwealth nations battling against poverty and those UK-linked tax havens that have attracted capital overseas because of the low tax and secrecy on offer.

"The victims of this secrecy include, among others, 2 billion Commonwealth citizens," Christensen tells the Queen. "A recent study of 33 African countries found that they lost over \$1tr in capital flight since the 1970s, of which \$640bn came from 16 Commonwealth countries. These losses dwarf the external debts of 'just' \$190bn for the 33 countries."

The Queen is known to take a particular interest in her crown dependencies and overseas territories, which operate as largely self-governing jurisdictions. UK ministers have long been aware of the reputational risks of association with pariah tax havens but have frequently looked the other way, claiming their constitutional powers to intervene are negligible.

However, campaigners suggest there is plenty of precedence for intervention. The UK used so-called orders in council to outlaw the death penalty, and decriminalised homosexual acts in its overseas territories in 1991 and 2000. Similarly, in 1967 an anti-pirate radio act was imposed on the Isle of Man despite local opposition. And in 2009, direct rule was imposed on the Turks and Caicos Islands for three years after a corruption scandal.

The 1973 Kilbrandon report is widely recognised as the UK's official interpretation of the complex constitutional relationship between Britain and its overseas territories and dependencies. In it, Lord Kilbrandon concluded: "We think the UK ought to be very slow to seek to impose their will on the islands merely on the grounds that they know better than the islands what is good for them.

"It is nevertheless highly desirable that the institutions and the practices of the islands should not differ beyond recognition from those of the UK."

Several tax havens point out that there are economic reasons the UK should resist disturbing the status quo, particularly for those crown dependencies that do a busy trade servicing the offshore financial needs of the non-domiciled super-rich, permitted by the UK government to live in Britain without paying income or capital gains tax on overseas earnings.

Moreover, over \$330bn in deposits is held by UK banks via extensive

branch networks in the crown dependencies, making these deposits a vital contributor to the capital strength of Barclays, Royal Bank of Scotland, Lloyds, HSBC and other large financial firms in the City of London.

Top of the TJN secrecy index is [Switzerland](#), despite many of its banks bowing in recent years to penalties and disclosure demands from US tax evasion investigators after a series of scandals. Last year, the Swiss Bankers' Association said £2.8tr of assets remained under management in the country.

Switzerland has recently signed a multilateral tax convention, in a move that could improve its secrecy score in the future.

While the UK is ranked in 21st place on the index, compilers from TJN insisted that it "supports and partly controls" a web of secrecy jurisdictions, marking it out as a leading offender. They say: "The UK is the most important player in the financial secr